STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY

Financial Audit
For the Year Ended June 30, 2023
Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

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Other Reports Issued Under a Separate Cover

The Illinois State University's *Federal Single Audit* and *State Compliance Examination* for the year ended June 30, 2023, will be issued under separate covers. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required Under *Government Auditing Standards* for the year ended June 30, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

State of Illinois
Illinois State University

Financial Audit
For the Year Ended June 30, 2023

University Officials

Interim President (02/17/23– present)	Dr. Aondover Tarhule
President (07/01/22 – 02/14/23)	Dr. Terri Goss Kinzy
Vice President for Finance and Planning	Mr. Dan Stephens
Acting Vice President for Academic Affairs and Provost (02/17/23 - present)	Dr. Ani Yazedjian
Vice President for Academic Affairs and Provost (07/01/22 – 02/17/23)	Dr. Aondover Tarhule
Vice President for Student Affairs	Dr. Levester Johnson
Vice President for University Advancement	Mr. Pat Vickerman
Comptroller	Mr. Doug Schnittker
Legal Counsel	Ms. Jeannie Barrett
Director – Internal Audit	Mr. Robert Blemler

Office Location

The University’s primary administrative offices are located at:

Hovey Hall
Campus Box 1100
Normal, Illinois 61790-1100

Summary

The audit of the accompanying financial statements of the Illinois State University (University) was performed by FORVIS, LLP.

Based on their audit, the auditors expressed unmodified opinions on the University's basic financial statements.

Exit Conference

The University waived an exit conference in correspondence from Mr. Doug Schnittker, Comptroller on January 31, 2024.

FORV/S

225 N. Water Street, Suite 400 / Decatur, IL 62523
P 217.429.2411 / F 217.429.6109
forvis.com

Independent Auditor's Report

The Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois State University

Opinions

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the Illinois State University (University), a component unit of the State of Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and aggregate discretely presented component units of the University as of June 30, 2023, and the respective changes in financial position, and where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the University, and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1 to the financial statements of the University, in Fiscal year 2023, the University adopted Governmental Standards Board Statement No. 96 *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Additionally, as discussed in Note 1, to the financial statements, INTO Illinois State University, LLC, a discretely presented component unit of the University, ceased operations effective May 31, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6-17, the Schedule of University's Proportionate Share of the Net Pension Liability and the Schedule of Contributions – Pension on page 82, the Schedule of the University's Proportionate Share of the Net OPEB Liabilities on page 83, and the Notes to the Required Supplementary

Information on pages 84-85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Schedule of Operating Expenses on page 86 is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the University Officials on page 1, the Summary on page 2, and the Data Required by Revenue Bond Resolutions on pages 87-90 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2024, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
February 7, 2024

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the Illinois State University (University) for the year ended June 30, 2023, with selective comparative information for the year ended June 30, 2022. This discussion and analysis has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The University is governed by the Board of Trustees and was the first public institution of higher learning in Illinois, having been founded in 1857. The University is a residential university of approximately 21,000 students with six colleges and over forty academic departments that offer more than one hundred and seventy-five programs of study. The Graduate School coordinates forty-six master's degree sequences, forty-one certificate programs, and ten doctoral degree programs.

As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University (the primary government) and its component units (the Illinois State University Foundation and INTO Illinois State University, LLC). The component units discussed below are included in the University's financial reporting entity (the Entity) due to the significance of their financial relationship with the University and is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

The Illinois State University Foundation (Foundation) is a University Related Organization (URO) as defined under the *University Guidelines* adopted by the State of Illinois' Legislative Audit Commission (LAC) in 1982, as amended. The Foundation is reported in a separate column to emphasize that it is a non-profit organization that is legally separate from the University. Complete financial statements for the Foundation may be obtained by writing the Illinois State University Foundation, Campus Box 8000, Normal, Illinois 61790-8000 or accessing its website at www.advancement.illinoisstate.edu/foundation.

The Foundation was incorporated in May 1948 under the "General Not-for-Profit Corporation Act" for the purpose of providing fund-raising and other assistance to the University in order to attract private gifts to support the University's instructional, research and public service activities. The Foundation is an organization as described in Section 501c(3) of the Internal Revenue Code and, is accordingly, exempt from federal income tax.

Illinois State University Global, LLC (Global) was established on March 8, 2018. Global is a URO as defined under the *University Guidelines* adopted by the State of Illinois' LAC in 1982, as amended. Global was formed as a single member limited liability company of which the University is the sole owner. Based on this financial relationship, Global is blended into the University's financial information (see page 28 for the diagram of the INTO/ISU corporate structure).

On March 22, 2018, Global entered into a joint venture with INTO North America, Inc. (INTO NA) to establish INTO Illinois State University, LLC (INTO ISU). Each member contributed $25,000 towards the members' capital account, appointed three members to the INTO ISU Board, and holds an equal (50%) equity stake in INTO ISU. The Joint Venture agreement specifically applies the $50,000 towards partnership equity. INTO ISU is discretely presented on the University's financial statements.

INTO ISU is an independent organization and is required to report in a separate column to emphasize that it is an entity legally separate from the University. INTO ISU served as the primary entity to implement the partnership with INTO NA. A Termination and Forgiveness of Promissory Note Agreement was signed and effective as of May 31, 2023. The Company was legally terminated on July 6, 2023.

Overview of the Financial Statements and Financial Analysis

The University is a component unit of the State of Illinois for financial reporting purposes. The financial balances and activities included in these financial statements are also included in the State of Illinois' Annual Comprehensive Financial Report (ACFR). The State of Illinois' ACFR may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871 or accessing its website at www.illinoiscomptroller.gov.

Financial Statement Presentation: The University's business-type activities financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with GASB principles and presented on an entity-wide basis. Several ratios have been included in the financial analysis to help assess the University's financial health. The University's fiduciary financial statements include the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position; however, these financial statements are not the focus of this analysis.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The statement of net position is point in time financial statements. The purpose of the statement of net position is to present to the readers of the financial statements a fiscal snapshot of the University at June 30, 2023. The statement of net position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets plus deferred outflows of resources minus liabilities and deferred inflows of resources).

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the institution. Readers should also be able to determine how much the institution owes vendors, investors, and lending institutions. Finally, the statement of net position provides a picture of the net position and its availability for expenditure by the institution.

Net position is divided into three major categories. The first category, net investment in capital assets, shows the institution's equity in the property, plant, and equipment owned by the institution. The next net position category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time and/or purpose restrictions on the use of the assets. The final category is unrestricted net position. Unrestricted net position is that net position available to the institution for any lawful purpose of the institution.

Following are condensed Statements of Net Position at June 30, 2023 and 2022:

(in thousands)

	2023	2022
Assets:		
Current assets	$ 311,695	$ 283,304
Noncurrent assets:		
Capital assets, net	544,843	525,167
Other noncurrent assets	68,118	124,672
Total assets	924,656	933,143
Deferred outflows	3,942	5,118
Total assets and deferred outflows	928,598	938,261
Liabilities:		
Current liabilities	63,997	56,829
Noncurrent liabilities	196,317	221,414
Total liabilities	260,314	278,243
Deferred inflows	16,501	8,664
Total liabilities and deferred inflows	276,815	286,907
Net Position:		
Net investment in capital assets	361,089	348,216
Restricted	154,939	154,461
Unrestricted	135,755	148,677
Total net position	$ 651,783	$ 651,354

Current liabilities are obligations of the University coming due in less than one year. Current liabilities consist primarily of accounts payable and accrued liabilities, assets held in custody for others and deposits, unearned revenues, and the current portion of long-term debt. The following ratio is intended to give an indication of the University's ability to meet its obligations the following year:

The Current Ratio (current assets/current liabilities) is:

2023	2022
\$311,695/ \$63,997 = 4.87	\$283,304 / \$56,829 = 4.99

Noncurrent assets are comprised primarily of net capital assets. Net capital assets increased \$19.7 million from June 30, 2022, to 2023. The increase in 2023 is related to depreciation net of construction and major renovation of University buildings as well as the implementation of GASB 96 Subscription-Based IT Arrangements for \$10,000,000.

Noncurrent liabilities are comprised primarily of bonds payable, certificates of participation, and accrued compensated absences.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total net position presented on the statement of net position is based upon the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the Statement of Revenues, Expenses, and Changes in Net Position is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains, and losses received or incurred by the institution.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. These are called non-exchange transactions. For example, State appropriations are classified as non-operating because they are provided by the General Assembly to the University without the General Assembly directly receiving commensurate goods and services for those revenues.

Student tuition and fees, grants and contracts, the Auxiliary Facilities System, State appropriations, and payments by the State of Illinois on behalf of the University (including the special funding situation for pension and other postemployment benefits (OPEB)) are the primary sources of funding.

Following are condensed Statements of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30, 2023 and 2022:

(in thousands)

	2023	2022
Operating revenues		
Student tuition and fees, net	$ 213,954	$ 210,326
Grants and contracts	28,693	20,135
Auxiliary facilities, net	96,743	84,394
Other	22,177	20,161
Total operating revenues	361,567	335,016
Operating expenses	567,699	643,899
Operating loss	(206,132)	(308,883)
Nonoperating revenues		
State appropriations	73,125	73,122
Payments on behalf of the University	47,051	44,986
Special funding situation	(4,764)	93,853
Other, net	85,293	114,411
Net nonoperating revenues	200,705	326,372
Capital appropriations	5,148	648
Capital gifts and grants	708	159
Increase in net position	429	18,296
Net position, beginning of year	651,354	633,058
Net position, end of year	$ 651,783	$ 651,354

The return of net position ratio indicates whether the University is financially better off compared to the previous year by comparing the increase in net position to beginning net position. The decrease in fiscal year 2023 is related to the increase in operational costs as well as scholarships.

The Return on Net Position Ratio (increase in net position / beginning of year net position) is:

2023	2022
$429/ $651,354 = 0.07%	$18,296 / $633,058 = 2.89%

The net operating revenues ratio indicates whether the University is living within available resources. The ratio is computed by comparing operating income (loss) and net nonoperating revenues to total operating revenues and total nonoperating revenues.

The Net Operating Revenues Ratio (operating income (loss) plus net nonoperating revenues (expenses) / operating revenues plus nonoperating revenues) is:

2023	2022
$(5,427) / $574,029 = (0.95)%	$17,489 / $666,804 = 2.62%

State appropriations revenue remained approximately $73.1 million in fiscal year 2022 and 2023. Payments on behalf of the University are comprised of payments by the State of Illinois for group insurance to the State of Illinois, Department of Central Management Services for current employees of the University and payments by the Illinois State University Foundation for payments to vendors for contractual services and commodities.

(in thousands)

	2023	2022
Expenses by function		
Instruction	$ 152,816	$ 190,262
Research	29,125	31,867
Public service	16,658	17,634
Academic support	28,893	35,588
Student services	53,805	63,837
Institutional support	48,295	53,993
Operation and maintenance of plant	36,826	45,414
Depreciation and amortization	31,332	28,650
Student aid	86,815	97,354
Auxiliary facilities	83,134	79,300
Total operating expenses	$ 567,699	$ 643,899
Expenses by natural classification		
Compensation and benefits	$ 296,153	$ 378,550
Supplies and services	153,399	139,345
Scholarships	86,815	97,354
Depreciation and amortization	31,332	28,650
Total operating expenses	$ 567,699	$ 643,899

The primary reserve ratio compares unrestricted net position and certain expendable net position to total expenses. This ratio is an indicator of how long the University could function by using its reserves without relying on additional net position generated by operations. This ratio continues to remain strong over the last several years as the University has been successful in increasing net position while limiting growth in expenses.

The Primary Reserve Ratio (unrestricted and expendable net position / total expenses) is:

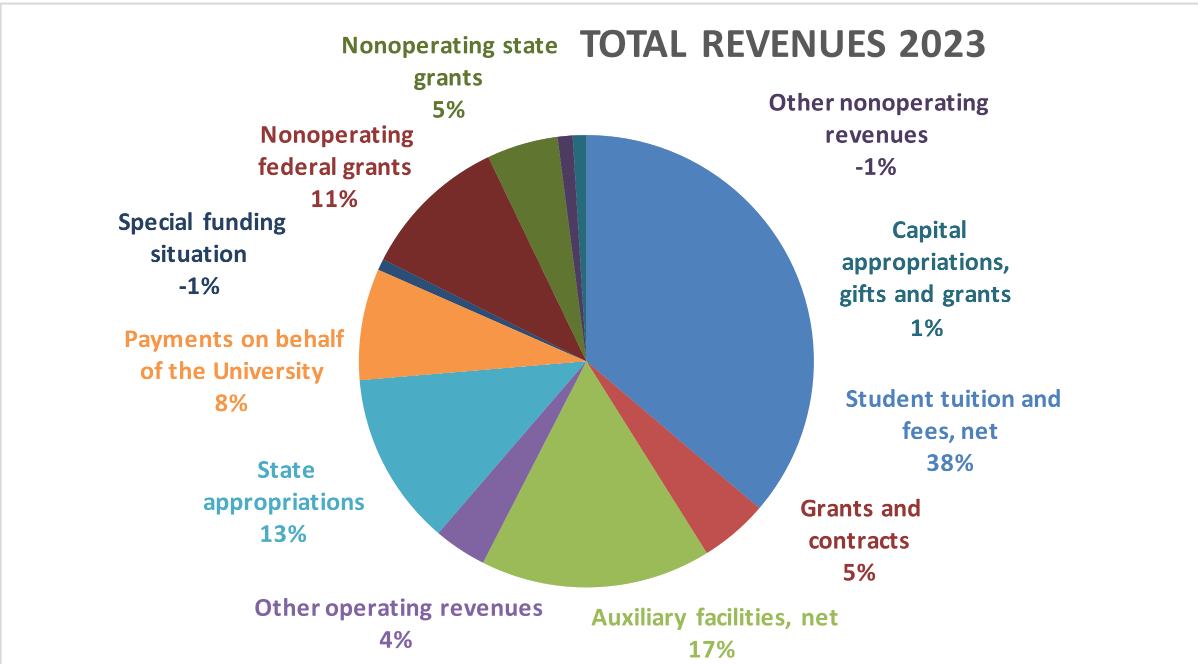
(Thousands of dollars)	
2023	2022
$290,694 / $573,600 = 50.68%	$303,138 / $648,508 = 46.74%

The following summarizes a comparative table of total revenues and total expenses by source/function and percentage:

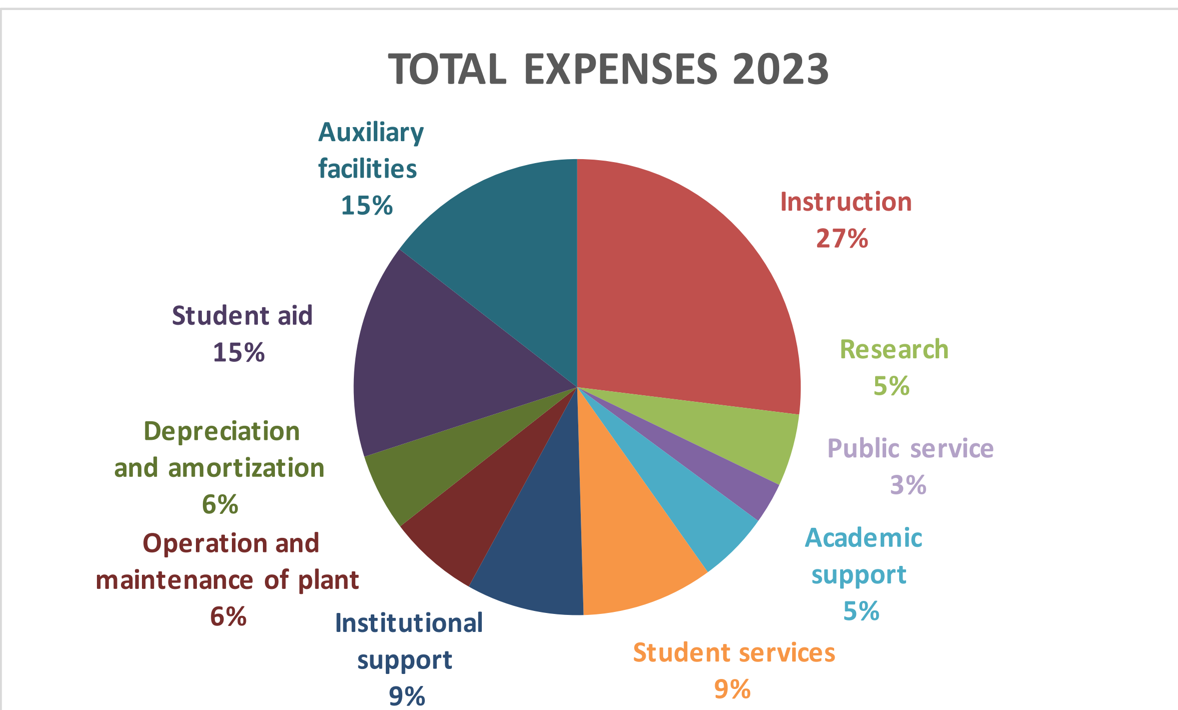
	Percentage *	
	2023	2022
Revenues by source		
Student tuition and fees, net	38 %	32 %
Grants and contracts	5	3
Auxiliary facilities, net	17	13
Other operating revenues	4	3
State appropriations	13	11
Payments on behalf of the University	8	7
Special funding situation	-1	14
Nonoperating federal grants	11	9
Nonoperating state grants	5	5
Other nonoperating revenues	-1	3
Capital appropriations, gifts and grants	1	<1
Total revenues by source	100 %	100 %
Expenses by function		
Instruction	27 %	30 %
Research	5	5
Public service	3	3
Academic support	5	6
Student services	9	10
Institutional support	9	8
Operation and maintenance of plant	6	7
Depreciation	6	4
Student aid	15	15
Auxiliary facilities	15	12
Total expenses by function	100 %	100 %
Expenses by natural classification		
Compensation and benefits	52 %	59 %
Supplies and services	27	22
Scholarships	15	15
Depreciation	6	4
Total expenses by natural classification	100 %	100 %

* Due to rounding, the percentages may not add to 100%

The following graph illustrates total revenues by source:



The following graph illustrates total expenditures by function:



* Due to rounding, the percentages may not add to 100%.

Statement of Cash Flows

The Statement of Cash Flows provides information about the University's cash receipts and cash payments. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used for the operating activities of the institution. The second section reflects cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, non-investing, and noncapital financing purposes. The third section shows the cash flows from capital and related financing activities. This section shows the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The last section reconciles the operating loss shown on the statement of revenues, expenses, and changes in net position to the cash used by operating activities on the statement of cash flows.

Following are condensed Statements of Cash Flows for the years ended June 30, 2023, and 2022:

(in thousands)

	2023	2022
Net cash used in operating activities	$ (139,658)	$ (117,618)
Cash flows provided by noncapital financing activities	154,325	191,740
Cash flows used in capital and related financing activities	(54,833)	(15,580)
Cash flows provided/(used) by investing activities	40,093	(55,783)
Net increase in cash and cash equivalents	(73)	2,759
Cash and cash equivalents, beginning of year	216,514	213,755
Cash and cash equivalents, end of year	$ 216,441	$ 216,514

Capital Asset and Debt Administration

The University's capital assets include land, land improvements, infrastructure, buildings, equipment, library books, construction in progress and lease and subscription right to use assets.

The following summarizes a table of capital assets, accumulated depreciation and amortization, and depreciation and amortization expense for fiscal years ended June 30, 2023, and 2022:

(in thousands)

	2023	2022
Capital assets	$ 1,060,500	$ 1,016,599
Accumulated depreciation and amortization	515,657	491,432
Capital assets, net	$ 544,843	$ 525,167
Depreciation and amortization expense	$ 31,332	$ 28,650

Capital asset funding includes revenue bonds, State capital appropriations, internal funds, and certificates of participation. These funding sources are used for student housing buildings and classroom buildings.

The University primarily uses revenue bonds and certificates of participation to fund construction projects. The University also occasionally uses leases for certain equipment.

The following summarizes a table of long-term debt, including current principal, for fiscal years ended June 30, 2023, and 2022:

(in thousands)

	2023	2022
Revenue bonds, direct borrowing	$ 59,905	$ 50,140
Revenue bonds	71,381	91,345
Certificates of participation, direct borrowing	26,010	30,965
Certificates of participation	15,732	15,717
Lease payable	8,099	8,672
Subscription-based IT arrangements	8,660	-

As of March 2, 2023, S&P Global rated the Illinois State University's Auxiliary Facilities System Revenue Bonds and Certificates of Participation as "A-" with a positive outlook. As of March 15, 2023, Moody's Investor Service rated the Illinois State University's Auxiliary System Revenue Bonds and Certificates of Participation as "A3" with a positive outlook.

The debt burden ratio examines the dependence on borrowed funds as a source of financing and the cost of borrowing relative to overall expenses. It compares the level of current debt service with the University's total expenses.

The Debt Burden Ratio (debt service / total expenses less depreciation plus principal payments) is:

(Thousands of dollars)	
2023	2022
\$20,156 / \$550,647 = 3.66%	\$18,865 / \$627,999 = 3.00%

Economic Outlook

The Governor's Office of Management and Budget of the State of Illinois reported \$571 million of outstanding bills at the end of June 2023, a decrease of \$949 million from the end of June 2022. On October 13, 2023, the University's Board of Trustees approved a fiscal year 2024 budget for operations consistent with fiscal year 2023, in an amount not to exceed \$561.3 million.

The State of Illinois passed a budget that appropriated \$78,217,400 to the University to be recognized as revenue in fiscal year 2024. Further, the University was appropriated \$25,000 to be used towards fiscal year 2024 scholarship grant awards to be recognized as revenue in fiscal year 2024.

The University continues to monitor cash flow and make investment decisions accordingly. The University also experienced stable freshman attendance this year, as well as maintaining strong student retention.

The University is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

State of Illinois
Illinois State University

Statement of Net Position
June 30, 2023

	University		Discretely Presented Component Units	
Assets				
Current assets:				
Unrestricted				
Cash and cash equivalents	$	170,212,792	$	7,634,878
Accounts receivable, net		27,285,490		-
Student loans receivable, net		1,535,052		-
Pledges receivable, net		-		6,440,678
Appropriations receivable from the State		27,422		-
Inventories		2,345,579		-
Prepaid expenses, deposits, and other		6,111,683		34,159
Restricted				
Cash and cash equivalents		46,228,322		-
Investments		52,234,020		-
Accrued interest receivable		358,744		-
Accounts receivable, net		4,980,575		-
Inventories		375,813		-
Total current assets		311,695,492		14,109,715
Noncurrent assets:				
Unrestricted				
Investments		-		240,139,971
Student loans receivable, net		1,376,533		-
Pledges receivable, net		-		8,790,508
Prepaid bond insurance		487,757		-
Capital assets not depreciated and amortized		55,123,093		980,000
Capital assets, net of depreciation and amortization		489,720,177		4,643,981
Other noncurrent assets		3,024		3,840,949
Restricted				
Cash and cash equivalents		-		7,413,725
Investments		66,250,100		-
Total noncurrent assets		612,960,684		265,809,134
Deferred outflows of resources:				
Loss on Refunding		544,003		-
OPEB		2,669,969		-
Pension		728,025		-
Total deferred outflows of resources		3,941,997		-
Total assets and deferred outflows of resources		928,598,173		279,918,849

(Continued)

State of Illinois
Illinois State University

Statement of Net Position (Continued)
June 30, 2023

		University		Discretely Presented Component Units
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$	29,133,627	$	3,366,024
Unearned revenue		12,639,456		-
Lease payable		1,549,095		
Subscription based IT arrangements payable		3,803,814		
Certificates of participation		5,060,000		-
Revenue bonds payable		9,455,000		-
Accrued compensated absences		1,854,363		-
OPEB liability		501,888		-
Other liabilities		-		252,855
Total current liabilities		63,997,243		3,618,879
Noncurrent liabilities:				
Lease payable		6,549,596		
Subscription based IT arrangements payable		4,856,677		
Certificates of participation		36,682,654		-
Revenue bonds payable		121,830,906		-
Accrued compensated absences		15,225,143		-
OPEB liability		8,550,622		-
Federal loan program contributions refundable		2,620,915		-
Other liabilities		-		2,549,581
Total noncurrent liabilities		196,316,513		2,549,581
Deferred inflows of resources:				
Lease related		7,550		
Gain on Refunding		256,010		-
OPEB		16,237,606		-
Total deferred inflows of resources		16,501,166		-
Total liabilities and deferred inflows of resources		276,814,922		6,168,460
Net Position				
Net investment in capital assets		361,088,385		3,650,250
Restricted:				
Nonexpendable		-		126,872,556
Expendable		154,939,797		123,943,691
Unrestricted		135,755,069		19,283,892
Total net position	$	651,783,251	$	273,750,389

The accompanying notes are an integral part of the financial statements.

State of Illinois
Illinois State University

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	University	Discretely Presented Component Units
Operating revenues		
Student tuition and fees, net	$ 213,954,050	$ -
Federal grants and contracts	18,638,379	-
State and local grants and contracts	8,471,290	2,843,000
Nongovernmental grants and contracts	1,582,609	-
Sales and services of educational activities	3,092,904	-
Auxiliary enterprises:		
Auxiliary facilities, net	96,743,929	-
Other operating revenues	19,083,143	93,140
Total operating revenues	361,566,304	2,936,140
Operating expenses		
Educational and general:		
Instruction	152,815,484	-
Research	29,124,703	-
Public service	16,658,142	-
Academic support	28,893,249	-
Student services	53,805,212	-
Institutional support	48,294,735	-
Operations	-	4,463,170
Operation and maintenance of plant	36,825,560	-
Depreciation and amortization	31,332,297	321,592
Student aid	86,815,439	5,735,292
Auxiliary facilities:		
Student housing, activity facilities, and parking	83,134,462	-
Other operating expenditures	-	389,688
Expenditures on behalf of University and students	-	7,064,576
Total operating expenses	567,699,283	17,974,318
Operating loss	(206,132,979)	(15,038,178)

(Continued)

State of Illinois
Illinois State University

Statement of Revenues, Expenses, and Changes in Net Position (Continued)
For the Year Ended June 30, 2023

	University	Discretely Presented Component Units
Nonoperating revenues (expenses)		
State appropriations	$ 73,125,300	$ -
Payments on behalf of the University - State	43,558,000	-
Special funding situation - Pension and OPEB	(4,763,589)	-
Payments on behalf of the University - Foundation	3,492,972	-
Laboratory schools	9,298,357	-
Gifts and donations	2,622,215	6,491,662
Investment income, net of investment expenses	7,389,168	13,139,603
Interest expense	(5,901,456)	(69,144)
Nonoperating federal grants	31,674,273	-
Nonoperating state grants	38,438,861	-
Other nonoperating revenues	1,772,568	14,257,346
Other nonoperating expenses	-	(66,000)
Net nonoperating revenues	200,706,669	33,753,467
Income (loss) before capital items and additions to permanent endowments	(5,426,310)	18,715,289
Capital appropriations	5,147,649	-
Capital grants and gifts	707,865	-
Additions to permanent endowments	-	5,818,298
Total capital items and additions to permanent endowments	5,855,514	5,818,298
Increase in net position	429,204	24,533,587
Net position		
Beginning of year	651,354,047	249,216,802
End of year	$ 651,783,251	$ 273,750,389

State of Illinois
Illinois State University

Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities	
Tuition and fees	$ 247,220,775
Grants and contracts	25,851,745
Payments to suppliers	(144,367,792)
Payments to employees for salaries and benefits	(261,228,779)
Payments for scholarships and fellowships	(123,421,947)
Student loans issued	(371,975)
Collection of student loans	2,007,039
Payment of Perkins Federal Capital Contribution	(1,719,080)
Auxiliary enterprise charges:	
Auxiliary facilities, net	95,188,194
Sales and service of educational activities	3,092,904
Student account overpayments	70,148,196
Student account refunds	(70,148,196)
Sales, commissions, and event tickets	3,685,788
Other receipts	14,405,278
Net cash used in operating activities	(139,657,850)
Cash flows from noncapital financing activities	
State appropriations	73,124,997
Student direct lending receipts	82,526,261
Student direct lending disbursements	(82,526,261)
Nonoperating state grants	38,438,861
Nonoperating federal grants	31,674,273
Other receipts	1,778,439
Laboratory schools	9,308,031
Net cash provided by noncapital financing activities	154,324,601
Cash flows from capital and related financing activities	
Gifts and grants for capital purposes	566,639
Net purchases of capital assets	(28,722,079)
Principal paid on lease and subscription assets	(6,032,149)
Interest paid on lease and subscription assets	(278,796)
Principal paid on capital debt	(27,955,000)
Interest paid on capital debt	(6,081,492)
Proceeds on Bond issuance	13,775,000
Bond issuance costs	(104,844)
Net cash used in capital and related financing activities	(54,832,721)
Cash flows from investing activities	
Proceeds from sales and maturities of investments	30,000,000
Interest on investments	9,010,577
Proceeds from assets held for sale	1,082,500
Net cash provided by investing activities	40,093,077
Net decrease in cash and cash equivalents	(72,893)
Balance, beginning of year	216,514,007
Balance, end of year	$ 216,441,114

(Continued)

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2023

Reconciliation of operating loss to net cash used in operating activities	
Operating loss	$ (206,132,979)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	31,332,297
Education and general payments on behalf of the University	47,050,972
Special funding situation - Pension and OPEB	(4,763,589)
Donated services and equipment below capitalization threshold	2,616,483
Changes in assets and liabilities:	
Accounts receivable, net	(6,380,015)
Student loans receivable, net	1,039,868
Inventories	(208,162)
Other assets	863,456
Deferred outflows of resources	1,084,721
Accounts payable and accrued liabilities	2,165,782
Unearned revenue	(2,256,685)
Federal loan program contributions refundable	(1,719,080)
Other postemployment benefits	(12,596,634)
Compensated absences	618,670
Deferred inflows of resources	7,627,045
Net cash used in operating activities	$ (139,657,850)
Supplemental schedule of noncash transactions	
Payments on behalf of the University	$ 47,050,972
Special funding situation	(4,763,589)
Donated capital assets	707,865
Capital appropriation acquisitions	5,147,649
Bond accretion	958,248
Donated equipment below capitalization threshold	382,518
Construction costs in accounts payable	4,274,405
Investment income unrealized loss and amortization	1,772,144
Lease obligations incurred for lease assets	1,418,087
Subscription obligations incurred for subscription assets	2,624,362
Reconciliation of cash and cash equivalents to the statement of net position	
Cash and cash equivalents classified as current assets	$ 170,212,792
Restricted cash and cash equivalents classified as current assets	46,228,322
	$ 216,441,114

The accompanying notes are an integral part of the financial statements.

State of Illinois
Illinois State University

Statement of Fiduciary Net Position
June 30, 2023

		Custodial Funds
Assets		
Cash and cash equivalents	$	342,294
Total assets		342,294
Liabilities		
Scholarships payable		288,758
Total liabilities		288,758
Net Position		
Restricted for Individuals and organizations		53,536
Total net position	$	53,536

The accompanying notes are an integral part of the financial statements.

State of Illinois
Illinois State University

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

		Custodial Funds
Additions		
Scholarship contributions	$	4,434,836
Participant contributions		54,601
Total additions		4,489,437
Deductions		
Scholarship payments & refunds		4,434,836
Benefits paid on-behalf of participants		49,839
Total deductions		4,484,675
Net increase in fiduciary net position		4,762
Net position		
Beginning of year		48,774
End of year	$	53,536

The accompanying notes are an integral part of the financial statements.

Note 1. Summary of Significant Accounting Policies

The Financial Reporting Entity and Component Unit Disclosures

The Illinois State University (University), which is governed by the Board of Trustees, was founded in 1857 and is the oldest public institution of higher learning in Illinois. As required by accounting principles generally accepted in the United States of America, these financial statements present the financial position and financial activities of the University (the primary government), its blended component unit (Illinois State University Global LLC (Global)), and its discretely presented component units (the Illinois State University Foundation and INTO Illinois State University, LLC (INTO ISU)). The component units discussed below are included in the University's financial reporting entity (the Entity) due to the significance of their financial relationship with the University and is in accordance with Governmental Accounting Standards Board (GASB) Statement No. 61.

The Illinois State University Foundation (Foundation) is a University Related Organization (URO) as defined under the *University Guidelines* adopted by the State of Illinois' Legislative Audit Commission (LAC) in 1982, as amended. The Foundation is reported in a separate column to emphasize that it is a non-profit organization that is legally separate from the University. Complete financial statements for the Foundation may be obtained by writing the Illinois State University Foundation, Campus Box 8000, Normal, Illinois 61790-8000 or accessing its website at www.advancement.illinoisstate.edu/foundation.

The Foundation was incorporated in May 1948 under the "General Not-for-Profit Corporation Act" for the purpose of providing fund-raising and other assistance to the University in order to attract private gifts to support the University's instructional, research, and public service activities. The Foundation is an organization as described in Section 501(c)(3) of the Internal Revenue Code and, accordingly, exempt from federal income tax. *See Note 14, Transactions with Related Organizations*.

The Foundation has formed two limited liability companies (LLCs) to carry out the Foundation's mission to assist the University. The Foundation is a sole member of each of these LLCs. The governing board for each LLC, known as "Launching Futures, LLC" and "Launching Futures II, LLC," consist of the executive officers of the Foundation. This LLC activity is included as part of the Foundation's financial statements.

The Illinois State University Global, LLC (Global) was established on March 8, 2018. Global is a URO as defined under the *University Guidelines* adopted by the LAC in 1982, as amended. Global was formed as a single member LLC of which the University is the sole owner. The University contributed $25,000 to Global. Based on this financial relationship, Global is blended into the University's financial information (see page 28 for the diagram of the INTO/ISU Corporate structure).

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

On March 22, 2018, Global entered into a joint venture with INTO North America, Inc. (INTO NA) to establish INTO Illinois State University, LLC (INTO ISU). Each member contributed $25,000 towards the members' capital account, appointed three members to the INTO ISU Board, and holds an equal (50%) equity stake in INTO ISU. The Joint Venture agreement specifically applies the $50,000 towards partnership equity. INTO ISU is discretely presented on the University's financial statements as it would be misleading to exclude. Complete financial statements for INTO ISU may be obtained by accessing the University website at https://accountingoffice.illinoisstate.edu/statements.

INTO ISU has incurred six years of losses. These losses exceed the $50,000 contributed towards the members' capital account. As a result, Global has reduced its equity investment in INTO to $0.

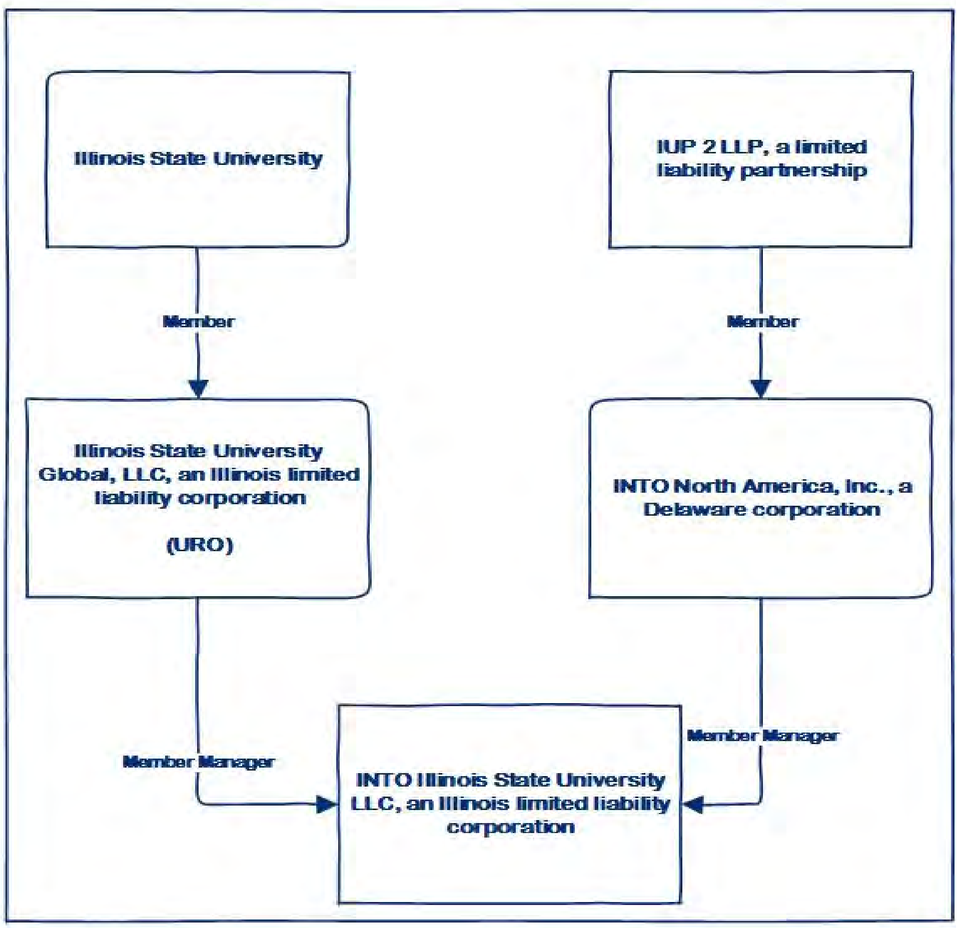
INTO ISU is an independent organization and is required to report in a separate column to emphasize that it is an entity legally separate from the University. INTO ISU serves as the primary entity to implement the partnership with INTO NA. A Termination and Forgiveness of Promissory Note Agreement was signed and effective as of May 31, 2023. The Company was legally terminated on July 6, 2023.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Below is a diagram representing the INTO/ISU Corporate Structure.

INTO/ISU Corporate Structure



The University is a discretely presented component unit of the State of Illinois for financial reporting purposes. The University is a component unit of the State of Illinois because the Governor appoints a majority of the Board of Trustees, the State is able to impose its will on the University, and the potential exists for the University to provide the State specific financial benefits or impose specific financial burdens on the State. The financial balances and activities included in these financial statements are also included in the State of Illinois' Annual Comprehensive Financial Report (ACFR). The State of Illinois' ACFR may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois 62704-1871 or accessing its website at www.illinoiscomptroller.gov.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Financial Statement Presentation: The University's business-type financial statements include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash flows. In addition, the University's fiduciary financial statements include the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. All of these financial statements are prepared in accordance with GASB principles and presented on an entity-wide basis.

Standards Implemented: The University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement requires recognition of a right-to-use subscription asset - an intangible asset – and a corresponding subscription liability. The University has included SBITAs within the Statement of Net Position, and within the Statement of Revenues, Expenses and Changes in Net Position. The University has restated beginning balances within Note 9 for SBITAs by $10,076,037. The University also restated the beginning balance within Note 10 for SBITAs payable by $10,076,037.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities and fiduciary activities, as defined by GASB Statements No. 35 and No. 84. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the University's business-type financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenue is recognized when earned, and expenses are recorded when an obligation has been incurred. Grant and contract revenues, which are received or receivable from external sources, are recognized as revenues to the extent of related expenses or satisfaction of eligibility requirements. Fiduciary activities are those where the University controls assets not generated by its own activity, where the assets are for the benefit of others and the University does not have administrative involvement or direct financial involvement with the assets. Accordingly, the University's fiduciary financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, additions are recognized when earned when an event has occurred which results in the University holding fiduciary resources and deductions are recognized when an event has occurred that compels the government to disburse fiduciary resources. All significant intra-entity transactions within the business-type have been eliminated.

The Foundation and INTO ISU follow the standards for financial statement presentation promulgated by the Financial Accounting Standards Board (FASB). Consequently, reclassifications have been made to convert their financial statements to the GASB format for inclusion in the component units column of the financial statements and disclosures.

Cash and Cash Equivalents: In accordance with GASB Statement No. 9, cash equivalents are defined as short-term, highly liquid investments that are both:

a. Readily convertible to known amounts of cash.
b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

Generally, only investments with original maturities of three months or less at the date of purchase meet this definition.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Investments: The University accounts for its investments at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. They are recorded at the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

Accounts Receivable: Accounts receivable consist of tuition and fee charges to students and auxiliary facilities service provided to students, faculty, and staff. Accounts receivable also include amounts due from the federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts. The allowance is a calculation based on the type of accounts receivable and historical collections.

Loans to Students: The University makes loans to students under various federal and other loan programs. Such loans receivable are recorded net of estimated uncollectible amounts, which are based on historical collections.

Inventories: Inventories are carried at the lower of cost or market on either the first-in, first-out; weighted average; or average cost methods.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. Livestock for educational purposes is recorded at cost. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Software and other intangibles with a purchase price greater than $100,000 are capitalized. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable.

The University maintains a large selection of historical artifacts. They range from a Lincoln manuscript, photographs, films, textiles, a fan leaf, artwork, circus memorabilia, rare books, and items relating to University history. They are held in Special Collections predominantly for the use of research or for public exhibition. These items are protected and overseen by a conservation team, kept unencumbered, and will not be sold. These items are not currently capitalized on the books of the University or depreciated.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings and infrastructure, 20 years for site improvements, 10 years for library books, 5 years for software and 3 to 7 years for equipment.

Leased Assets: Leased assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Subscription Assets: Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Other Noncurrent Assets: Other noncurrent assets consist of amounts due from related parties that are not due within twelve months and are considered fully collectible.

Restricted Assets: These include all amounts restricted by bond covenants.

Deferred Outflows of Resources: Deferred outflows of resources represent the consumption of net assets that applies to a future reporting period and will not be recognized as an expense until that time. The amounts reported as deferred outflows of resources are comprised of amounts related to deferred losses on refunding, as well as pension and OPEB liabilities (see Notes 11 and 13, respectively, for more details on pension and OPEB, respectively). The losses on refunding are amortized over the life of the debt using the effective interest method.

Unearned Revenue: Unearned revenue includes amounts received for tuition and fees, advance ticket sales and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting period. Unearned revenue also includes advanced funds relating to cost reimbursement grants where expenditures have not yet been approved.

Compensated Absences: Accrued compensated absences includes each employee’s earned but unused vacation and sick leave days, including the University’s share of Social Security and Medicare taxes, valued at the current rate of pay at the fiscal year-end. The State Finance Act (30 ILCS 105/14a) provides that employees eligible to participate in the State Universities Retirement System are eligible for compensation at time of resignation, retirement, death or other termination of University employment for one-half (1/2) of the unused sick leave earned between January 1, 1984, and December 31, 1997. Any sick leave days that were earned before or after this period of time are not compensable. The current and long-term liabilities at year-end (see Note 10) and related expenses are recorded in the Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position, respectively.

Deferred Inflows of Resources: Deferred inflows of resources represent the acquisition of net assets that are applicable to a future reporting period. The amount reported as deferred inflows of resources is related to deferred gains on refunding, lease related, and OPEB (see Note 10 and Note 13 for more information on leases and OPEB, respectively). The deferred gains on refunding are amortized over the life of the debt using the effective interest method.

Premiums and Discounts: Premiums and discounts for bonds and certificates of participation are reported within bonds payable and are amortized using the effective interest method.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Employment Contracts for Certain Academic Personnel: Employment contracts for certain academic personnel provide for twelve monthly salary payments, although the contracted services are rendered during a nine-month period. The liability for those employees who have completed their contracted services, but have not yet received final payment, was $6,238,870 at June 30, 2023, and is recorded in the accompanying financial statements as accounts payable and accrued liabilities.

Pensions: For the purpose of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the plan net position of the State Universities Retirement System (SURS) and additions to/deductions from SURS' plan net position have been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For financial reporting purposes, the State of Illinois and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The University recognizes its proportionate share of the State's pension expense relative to the University's employees as non-operating revenue and pension expense, with the expense further allocated to the related function performed by the employees.

OPEB: The State Employees Group Insurance Act of 1971 (SEGIA) (5 ILCS 375), as amended, authorizes the State Employees Group Insurance Program (SEGIP), which includes activity for both active employees and retirees, to provide health, dental, vision, and life insurance benefits as a single-employer defined benefit OPEB plan not administered as a trust. Substantially all State and university component unit employees become eligible for these OPEB plan benefits when they become annuitants of one of the State-sponsored pension plans. CMS administers these benefits for the annuitants with the assistance of the public retirement systems sponsored by the State, including the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System of the State of Illinois (TRS), and SURS.

In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

Given the preceding environment, the University has two separate components of OPEB administered within SEGIP. The (1) State of Illinois and its public universities are under a special funding situation for employees paid from the University's Income Fund or auxiliary enterprises, while (2) the University is responsible for OPEB employer contributions for employees paid from trust, federal, and other funds.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Special Funding Situation Portion of OPEB

A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to an OPEB plan that is used to provide OPEB to the employees of another entity (the University) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to an OPEB plan.

During the OPEB measurement period ended June 30, 2022, the University made a voluntary appropriation repayment from its State appropriation that was not considered a contribution of $965,355 to help offset the amount the State needed to provide for retirees under the special funding situation described in the preceding paragraph.

The University recognizes the proportionate share of the State's OPEB expense relative to the University's employees as non-operating revenue and OPEB expense, with the expense further allocated to the related function performed by the employees.

University's Portion of OPEB

The University reports a liability, expense allocated to the related function performed by the employees, and related deferred inflows and outflows of resources for OPEB based on the University's proportionate share of amounts paid to SEGIP pursuant to SEGIA for its employees paid from trust, federal, and other funds compared to the collective amounts paid to SEGIP pursuant to SEGIA. The collective amounts paid to SEGIP pursuant to SEGIA includes (1) payments from State agencies for State employees, (2) the amount calculated by CMS to represent the amount paid by the General Fund related to the special funding situation, (3) the total voluntary appropriation repayment from all of the universities, and (4) the total of all payments from the universities for employees paid from trust, federal, and other funds. This methodology has been determined by the State to be the best estimate of how future OPEB payments will be determined.

Deferred inflows and outflows of resources are recognized in OPEB expense at the beginning of the current period, using a systematic and rational method over a closed period, equal to the average expected remaining service lives of all employees, either active or inactive, provided with OPEB through SEGIP, determined as of the beginning of the measurement period.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

On-Behalf Transactions: The University had outside sources of financial assistance provided by the State and the Foundation on behalf of the University during the year ended June 30, 2023.

First, substantially all active employees participate in group insurance plans provided by the State and administered by CMS, primarily providing healthcare benefits. In order to fund SEGIP's pay-as-you-go obligations for both current employees and retirees, SEGIA (5 ILCS 375/11) requires contributions based upon total employee compensation paid from any State fund or university component unit, except the university component units shall not be required to make contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. Pursuant to a long-standing State policy, the State's General Fund covers the contributions for employees who are totally compensated from each individual university's Income Fund and auxiliary enterprises. This relationship may be modified through the enactment of a Public Act by the State's highest level of decision-making authority exercised by the Governor and the General Assembly pursuant to the State's Constitution.

During the year ended June 30, 2023, total estimated group insurance contributions for the University's employees paid from the University's Income Fund and auxiliary enterprises was $45,647,242. The University made a voluntary appropriation repayment from either its State appropriation or locally held resources that was not considered a contribution of $2,089,242 to help offset the amount the State needed to provide for current employees under the situation described in the preceding paragraph. As such, the State contributed the estimated remaining balance of $43,558,000 on-behalf of the University to meet this obligation for current employees.

As the University is not legally responsible to pay for the on-behalf support provided by the State, the University recognizes non-operating revenues and operating expenses allocated to the related function performed by the employees within the University's financial statements for its current employees' participation in group insurance.

Second, the Foundation paid certain operating costs on-behalf of the University during the year ended June 30, 2023, totaling $3,492,972. These operating costs were for expenditures supporting the mission of the University.

As the University is legally responsible to pay for costs it incurred that the Foundation is paying on its behalf, the support provided by the Foundation is reflected as non-operating revenues and operating expenses allocated by the function and all related assets and liabilities are recorded within the University's financial statements.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Net Position: The University's net position is classified as follows:

Net investment in capital assets: This represents the University's total investment in capital, lease and subscription assets less accumulated depreciation and amortization, net of outstanding debt obligations related to those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net position - expendable: Restricted expendable net position includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. This includes resources and fees derived from auxiliary facilities.

Unrestricted net position: Unrestricted net position represents resources derived from student tuition and fees, State appropriations, and sales and services of educational departments. These resources are not subject to externally imposed stipulations but may be designated for specific purposes by action of management or the Board of Trustees.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Taxes: Certain activities of the University are subject to State sales tax and some activities may be subject to taxation as unrelated business income under the Internal Revenue Code.

Classification of Revenue: The University has classified its revenue as either operating or nonoperating revenue according to the following criteria:

Operating revenue**:** Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary facilities, net of scholarship discounts and allowances, (3) most federal, State and local grants and contracts except for certain student financial aid classified as nonoperating revenues, (4) interest on institutional student loans, and (5) other operating revenue consists of indirect cost recovery, event tickets, conference income, and other miscellaneous fees.

Nonoperating revenue: Nonoperating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions. Other significant revenues that are expected to be recurring, including Pell grants, Federal Supplemental Educational Opportunity grants, State Monetary Award Program grants, and State appropriations, are considered nonoperating revenues under GASB Statement No. 34. In addition, federal subsidies such as Higher Education Emergency Relief funds are included in nonoperating revenues.

Note 1. Summary of Significant Accounting Policies (Continued)

The Financial Reporting Entity and Component Unit Disclosures (Continued)

Classification of Expenses: The majority of the University's expenses are exchange transactions, which GASB defines as operating expenses for financial statement presentation. Operating expenses also include transactions related to subsidies. Nonoperating expenses include interest expense of the University.

Scholarship Discounts and Allowances: Student tuition and fee revenue, and certain other revenue from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position using the National Association of College and University Business Officers' Advisory Report 2000-05's alternate method calculations. Stipends and other payments made directly to students are reported as scholarship and fellowship expense. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants and other federal, State, or nongovernmental programs are recorded as either operating or nonoperating revenue in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance. The portion of tuition and fees from summer classes applicable to the subsequent fiscal year are recorded as unearned revenue during the current fiscal year and are recognized as revenue during the next fiscal year.

	2023
Student tuition and fees	$ 285,565,897
Less scholarship discounts and allowances	(70,438,384)
Less discounts for employee waivers	(1,173,463)
Net student tuition and fees	$ 213,954,050
Auxiliary facilities	$ 112,410,372
Less scholarship discounts and allowances	(15,666,443)
Net auxiliary facilities	$ 96,743,929

Use of Estimates in Preparing Financial Statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2. Deposits

At June 30, 2023, the University's bank balance was $48,266,391, and was covered by the Federal Deposit Insurance Corporation or pledged collateral held by the pledging financial instruction in the University's name. The University has no exposure to foreign currency risk.

Foundation Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, deposits may not be returned. The Federal Deposit Insurance Corporation or the Security Investor Protection Corporation insured account had a balance of $7,592,271 at June 30, 2023. Bank balances of $7,746,606 at June 30, 2023, were invested in investment sweep funds secured by U.S. government obligations.

INTO – The carrying value of cash on the financial statements approximates its fair value. INTO ISU had no cash equivalents at June 30, 2023.

Note 3. Investments

University Investments

As of June 30, 2023, the University had the following investments:

	Fair Market Value	Less Than 1 Year	1 to 5 Years	S&P/Moody's Rating
U.S. Treasuries	$ 52,918,050	$ 24,787,950	$ 28,130,100	N/A / Aaa
Federal Farm Credit Bank	4,987,850	4,987,850	-	AA+ / Aaa
Federal Home Loan Bank	60,578,220	22,458,220	38,120,000	AA+ / Aaa
Illinois Funds Investment Pool*	99,427,371	99,427,371	-	AAAm / N/A
Money Market Funds*	64,797,719	64,797,719	-	AAAm/ Aaamf
Total University	$ 282,709,210	$ 216,459,110	$ 66,250,100	

*Illinois Funds and Money Market Funds are valued at amortized cost, which approximates fair value.

	Fair Market Value	Level 1	Level 2	Level 3
U.S. Treasuries	$ 52,918,050	$ -	$ 52,918,050	$ -
Federal Farm Credit Bank	4,987,850	4,987,850	-	-
Federal Home Loan Bank	60,578,220	60,578,220	-	-
Total University	$ 118,484,120	$ 65,566,070	$ 52,918,050	$ -

GASB 72 Leveling: Level 1 inputs are quoted prices from active markets for identical assets that can be accessed at a measurement date. Level 2 inputs are derived from observable market data, either directly or indirectly that are other than Level 1. Level 2 investments are valued based on matrix pricing provided by the custodian. Level 3 inputs are derived from unobservable inputs that are not corroborated by market data.

Note 3. Investments (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University places no limit on the amount that may be invested in any one issuer. More than 5% of the University investments are in Federal Home Loan Bank (21.4%).

Custodial Credit Risk: For an investment, this is the risk that in the event of the failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. The University had no custodial credit risk exposure as of June 30, 2023, because all investments are held by the University's agent in the University's name.

Credit Risk: Credit risk is the risk than an issuer or other counterparty to an investment will not fulfill its obligations. State law authorizes investments of U.S. government securities (treasuries and agencies), commercial paper (not more than 33% of total cash and investments), money market mutual funds, and repurchase agreements. The University's investments are rated by the Moody's Investors Service and the Standard & Poor's Corporation.

The Illinois Funds is an external investment pool administered by the State Treasurer. The value of the University's investment fund is the same as the value of pool shares and the investments are reported by the State Treasurer at amortized cost. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provisions of the Public Funds Investment Act (30 ILCS 235), the State Treasurer Act (15 ILCS 505/17) and the Deposit of State Moneys Act (15 ILCS 520/22.5). The University has adopted a formal written investment and cash management policy.

Bond resolutions restrict investments in the Auxiliary Debt Retirement account to U.S. government securities. All other auxiliary facilities money may be invested in any instrument permitted by the laws of the State of Illinois for the investment of public funds.

Note 3. Investments (Continued)

Foundation Investments

The carrying value of the investment portfolio of the Foundation at June 30, 2023, is as follows:

	Fair Market Value	Level 1	Level 2	Level 3
U.S. Treasury Notes	$ 2,921,664	$ 2,921,664		
Common Stock	996,885	996,885	$ -	$ -
Marketable CD	25,924	25,924	-	-
Mutual Funds investing in:				
Stocks	562,378	-	562,378	-
Bonds	1,693,564	-	1,693,564	-
International	187,690	-	187,690	-
Real Assets Marketable Funds	14,205	-	14,205	-
Hedged and Alternative Funds	151,096	-	151,096	-
Real Estate Investment	600,631	-	-	600,631
Total Foundation	$ 7,154,037	$ 3,944,473	$ 2,608,933	$ 600,631

Note 3. Investments (Continued)

Foundation Investments

As part of the Foundation's investment portfolio, there are investments in entities in which purchases and withdrawals within these entities are not made in an open market. Instead, the purchases and withdrawals occur with the entities, and in certain circumstances, those transactions are entirely controlled and/or restricted by the entity. The fair value of these investments is determined by the management of the entities and is reported to the Foundation as the Foundation's proportionate share of the net asset fair value of the entity. The following table sets forth additional disclosure of the Foundation's investments whose fair value is estimated using net asset value (NAV) per share (or its equivalent) as of June 30, 2023.

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Mutual Funds investing in:				
Stocks	$ 75,309,872		Daily/Monthly	1/5 Days
Bonds	52,689,895		Daily/Weekly/Monthly	1/5/90 Days
Real Assets Marketable Funds	30,134,987	11,407,845	(A)	(A)
Hedged and Alternative Funds	74,851,180	32,664,351	(B)	(B)
Total Foundation	$ 232,985,934	$ 44,072,196		

(A) The partnerships in this category consist of funds that invest in multiple limited partnerships with various investment strategies. Investments include private real estate funds that target a 13%-18% compounded annual rate, as well as equity investments and property acquisition strategies. A small portion of these funds can be redeemed daily and quarterly with a redemption notice period of 2 to 120 days, with the majority not redeemable until the termination date of the fund, which ranges from April 1, 2024, through June 22, 2033.

(B) The partnerships in this category consist of funds that invest in the following types of investments in the United States and various international markets: private equity, venture capital, stressed debt, special situation and mezzanine debt investments, growth equity, buyouts, venture capital, common stocks, and equity investments. A portion of these funds are redeemable quarterly with a redemption notice period of 65 days. The majority are not redeemable until the termination date of the fund, which ranges from December 11, 2024, through October 1, 2033.

Foundation policy states that assets are to be invested in a diversified portfolio of equity, fixed income, and alternative strategies. No investment is to be made that will cause the total investment in equities or fixed income securities issued or guaranteed by any one person, firm, or corporation to exceed five percent of the then fair market value of the Foundation; provided, this restriction is not to apply to either well diversified mutual funds, pooled funds, unit trust, or the like, or direct obligations of the U.S. government and its fully guaranteed agencies. Equity investments have an asset allocation range from 45% to 70% of the portfolio with a target weight of 55%; fixed income investments have an asset allocation range from 0% to 30% with a target weight of 20%; marketable alternative investments have an asset allocation range from 0% to 20% with a target weight of 10%; and real assets have an asset allocation range from 0% to 25% with a target weight of 15%.

Note 3. Investments (Continued)

Foundation Investments

Interest Rate Risk: The Foundation's investment policy requires the average duration of the fixed income portfolio to be within 20% of the duration of the index to which the portfolio is benchmarked.

Credit Risk: Credit risk exists when there is a possibility that the issuer or other counterparty to an investment may be unable to fulfill its obligations. The Foundation's investment policy states that no more than 25% of the fixed income portfolio may be rated below investment grade.

As of June 30, 2023, the Foundation had the following investments exposed to interest rate risk and credit risk:

	Fair Market Value	Weighted Average Life	S&P Rating
Marketable CD	$ 25,924	2.21 years	NA
Bond Mutual Funds	53,914,234	3.35 years	A+

Foreign Currency Risk. Foreign currency risk exists when there is a possibility that changes in exchange rates could adversely affect investments denominated in foreign currencies. The Foundation does not have a formal policy that addresses foreign currency risk.

As of June 30, 2023, the Foundation had $12,671,497 in U.S. dollar balances of international mutual fund investments exposed to foreign currency risk.

Investments consist of the following:

	University	Foundation
Current:		
Investments	$ 52,234,020	$ -
Noncurrent:		
Investments	66,250,100	240,139,971
	118,484,120	240,139,971
Investments classified as cash and cash equivalents:		
Illinois Funds Investment Pool	99,427,371	-
Money Market Funds	64,797,719	-
Total	$ 282,709,210	$ 240,139,971

Note 4. Accounts Receivable

Accounts receivable consist of the following at June 30, 2023:

Student tuition and fees	$ 13,847,697
Auxiliary facilities and other operating activities	7,911,522
Other	5,544,380
Federal, state, and private grants and contracts	12,997,113
Subtotal	40,300,712
Less allowance for uncollectible accounts	(8,034,647)
	$ 32,266,065
Unrestricted	$ 27,285,490
Restricted	4,980,575
Net accounts receivable	$ 32,266,065

Note 5. Student Loans Receivable

Student loans receivable at June 30, 2023, is summarized as follows:

Perkins student loan fund	$ 2,524,472
Nursing loan fund	672,145
University loan fund	17,275
Subtotal	3,213,892
Less allowance for uncollectible accounts	(302,307)
Net student loans receivable	$ 2,911,585
Estimated current portion	$ 1,535,052
Estimated noncurrent portion	1,376,533
Total	$ 2,911,585

Note 6. Foundation Pledges Receivable

Foundation pledges receivable at June 30, 2023, is summarized as follows:

Pledges to be collected	$ 16,765,068
Less discount for the time value of money	(1,144,740)
Less allowance for uncollectible accounts	(389,142)
Net foundation pledges receivable	$ 15,231,186
Estimated current portion	$ 6,440,678
Estimated noncurrent portion	8,790,508
Total	$ 15,231,186

Note 7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consists of the following at June 30, 2023:

General operations	$ 11,763,261
Salaries and wages	10,911,830
Construction	4,616,486
Grants and contracts	1,842,050
Accounts payable and accrued liabilities	$ 29,133,627

Note 8. Unearned Revenue

Unearned revenue consists of the following at June 30, 2023:

Prepaid tuition and fees	$ 9,064,395
Auxiliary facilities	823,720
Grants and contracts	2,678,083
Other	73,258
Unearned revenue	$ 12,639,456

Note 9. Capital, Leased and Subscription Assets

Capital, leased and subscription asset activity for the year ended June 30, 2023, is summarized as follows:

University	Beginning Balance (Restated)	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 17,307,029	$ 1,270,296	$ -	$ -	$ 18,577,325
Construction in progress	38,986,290	29,039,780	(1,812,142)	(29,668,160)	36,545,768
Total capital assets not being depreciated	56,293,319	30,310,076	(1,812,142)	(29,668,160)	55,123,093
Capital assets being depreciated and amortized					
Site improvements	40,820,238	-		386,224	41,206,462
Infrastructure	13,146,983	-	-	-	13,146,983
Buildings	741,995,261	2,829,704	(2,343)	28,939,846	773,762,468
Leased buildings	7,988,983	173,583	(69,543)	-	8,093,023
Equipment	100,473,131	5,026,217	(2,010,815)	342,090	103,830,623
Leased equipment	2,382,262	1,244,504	(914,669)	-	2,712,097
Internally generated software	30,692,278	-	-	-	30,692,278
Subscription based IT Arrangements	10,076,037	2,624,362	-		12,700,399
Non-internally generated software	3,175,762	-	-	-	3,175,762
Library materials	19,631,324	581,516	(4,155,684)	-	16,057,156
Total capital assets being depreciated and amortized	970,382,259	12,479,886	(7,153,054)	29,668,160	1,005,377,251
Less accumulated depreciation and amortization for:					
Site improvements	19,495,221	1,138,425	-	-	20,633,646
Infrastructure	9,710,324	296,410	-	-	10,006,734
Buildings	333,585,414	17,862,823	(2,343)	-	351,445,894
Leased buildings	923,515	956,152	(69,543)	-	1,810,124
Equipment	92,090,954	3,607,331	(1,970,313)	-	93,727,972
Leased equipment	1,058,959	933,057	(909,828)	-	1,082,188
Internally generated software	17,229,667	1,028,989	-	-	18,258,656
Subscription based IT Arrangements	-	3,555,611			3,555,611
Non-internally generated software	3,175,762	-	-	-	3,175,762
Library materials	14,162,672	1,953,499	(4,155,684)	-	11,960,487
Total accumulated depreciation and amortization	491,432,488	31,332,297	(7,107,711)	-	515,657,074
Total capital assets being depreciated or amortized, net	478,949,771	(18,852,411)	(45,343)	29,668,160	489,720,177
Capital assets, net	$535,243,090	$11,457,665	$ (1,857,485)	$ -	$ 544,843,270

Component Units	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets not being depreciated					
Land	$ 980,000	$ -	$ -	$ -	$ 980,000
Capital assets being depreciated or amortized					
Buildings	7,775,670	-	-	-	7,775,670
Site improvements	3,701,104	97,351	-	-	3,798,455
Equipment	31,945	20,472	-	-	52,417
Total capital assets being depreciated or amortized	11,508,719	117,823	-	-	11,626,542
Less accumulated depreciation and amortization					
Buildings	3,853,832	240,270	-	-	4,094,102
Site improvements	2,775,193	78,884	-	-	2,854,077
Equipment	31,945	2,437	-	-	34,382
Total accumulated depreciation and amortization	6,660,970	321,591	-	-	6,982,561
Total capital assets being depreciated or amortized	4,847,749	(203,768)	-	-	4,643,981
Capital assets, net	$ 5,827,749	$ (203,768)	$ -	$ -	$ 5,623,981

Note 10. Long-term Liabilities

University Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance (Restated)	Additions	Retirements	Ending Balance
Total				
Accrued compensated absences	$ 16,460,835	$ 2,526,972	$ (1,908,301)	$ 17,079,506
Leases payable	8,672,845	1,418,087	(1,992,241)	8,098,691
Subscription based IT Arrangements	10,076,037	2,624,362	(4,039,908)	8,660,491
Certificates of participation, net	15,716,654	16,000	-	15,732,654
Certificates of participation, direct borrowing	30,965,000	-	(4,955,000)	26,010,000
Revenue bonds payable, net	91,345,154	-	(19,964,248)	71,380,906
Revenue bonds payable, direct borrowing	50,140,000	13,775,000	(4,010,000)	59,905,000
Total	$ 223,376,525	$ 20,360,421	$ (36,869,698)	$ 206,867,248
Current portion				
Accrued compensated absences	$ 1,706,039			$ 1,854,363
Leases payable	1,688,003			1,549,095
Subscription based IT Arrangements	3,874,779			3,803,814
Certificates of participation, net	-			1,165,000
Certificates of participation, direct borrowing	4,955,000			3,895,000
Revenue bonds payable, net	6,455,000			5,585,000
Revenue bonds payable, direct borrowing	2,670,000			3,870,000
Total current portion	$ 21,348,821			$ 21,722,272
Noncurrent portion				
Accrued compensated absences	$ 14,754,796			$ 15,225,143
Leases payable	6,984,842			6,549,596
Subscription based IT Arrangements	6,201,258			4,856,677
Certificates of participation, net	15,716,654			14,567,654
Certificates of participation, direct borrowing	26,010,000			22,115,000
Revenue bonds payable, net	84,890,154			65,795,906
Revenue bonds payable, direct borrowing	47,470,000			56,035,000
Total noncurrent portion	$ 202,027,704			$ 185,144,976

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Revenue bonds payable at June 30, 2023, consisted of the following:

Revenue Bonds, Series 2016:	
Refunding Bonds	$ 16,675,000
Revenue Bonds, Series 2018:	
Refunding Bonds	34,570,000
Refunding Bonds	15,895,000
New Project Bonds - Direct Borrowing	3,275,000
Revenue Bonds, Series 2020:	
New Project Bonds - Direct Borrowing	33,760,000
Revenue Bonds, Series 2022:	
New Project Bonds - Direct Borrowing	10,435,000
New Project Bonds - Direct Borrowing	12,435,000
Total Revenue Bonds payable	$ 127,045,000

Maturities and interest requirements on revenue bonds payable at June 30, 2023, are as follows:

Year Ending	Bonds		Bonds from Direct Borrowings		Principal	Interest
June 30	Principal	Interest	Principal	Interest	Total	Total
2024	$ 5,585,000	$ 3,247,650	$ 3,870,000	$ 1,348,006	$ 9,455,000	$ 4,595,656
2025	5,860,000	2,968,400	3,975,000	1,240,849	9,835,000	4,209,249
2026	6,155,000	2,675,400	4,090,000	1,130,427	10,245,000	3,805,827
2027	6,460,000	2,367,650	4,200,000	1,016,624	10,660,000	3,384,274
2028	6,755,000	2,077,700	4,315,000	899,406	11,070,000	2,977,106
Subtotal	30,815,000	13,336,800	20,450,000	5,635,312	51,265,000	18,972,112
2029-2033	20,130,000	7,054,738	16,670,000	2,843,073	36,800,000	9,897,810
2034-2038	13,155,000	2,797,500	6,120,000	1,497,636	19,275,000	4,295,136
2039-2043	3,040,000	152,000	6,590,000	1,033,998	9,630,000	1,185,998
2044-2048			7,090,000	535,154	7,090,000	535,154
2049-2050			2,985,000	66,003	2,985,000	66,003
Subtotal	67,140,000	$ 23,341,038	$ 59,905,000	$ 11,611,174	127,045,000	$ 34,952,212
Additions:						
Unamortized premiums	4,240,906				4,240,906	
Total	$ 71,380,906				$ 131,285,906	

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Revenue Bonds Payable

The Series 2016, 2018, and 2020 bonds are secured by a pledge of the net revenue of auxiliary facilities, as well as the pledged portion of the tuition, health service, and athletic and service fees charged to students. None of these revenue bonds constitute obligations of the State.

On May 16, 2012, $21,280,000 in Revenue Bonds, Series 2012 were issued. The Series 2012 Bonds consisted of $18,230,000 of Series 2012A Bonds and $3,050,000 Series 2012B (taxable) Bonds. The Series 2012A Bonds mature beginning April 1, 2018, and continue through April 1, 2032. The Series 2012A Bonds bear interest from 3.00% to 4.00%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2012. The Series 2012B Bonds matured April 1, 2018. On August 16, 2022, Series 2022B Revenue Bonds were issued to refund the outstanding principal on Series 2012A.

On March 31, 2016, $33,320,000 in Revenue Bonds, Series 2016 were issued. Proceeds of the bonds were used to refund the outstanding principal of the Series 2006 Revenue Bonds. The refunding resulted in a net decrease in the debt service payment of $7,095,252 and an estimated savings of $3,604,868 in present value. The Series 2016 Bonds mature beginning April 1, 2017, and continuing through April 1, 2029. These refunding bonds bear interest from 2.00% to 5.00%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2016.

On February 28, 2018, the University issued $41,765,000 in Series 2018A and $21,370,000 Series 2018B Auxiliary Facilities System Revenue Bonds which refunded the Series 2017 and Series 2008 Bonds. The refunding resulted in a net increase in the debt service payment of $5,539,016 and an estimated savings of $15,118,204 in present value. The Series 2018A Bonds mature beginning April 1, 2018, and continuing through April 1, 2039. These bonds bear interest from 4.0% to 5.0%. The Series 2018B Bonds mature beginning April 1, 2019, and continue through April 1, 2033. These bonds bear interest at 5.0%. Interest is payable on April 1 and October 1, commencing April 1, 2018.

Revenue Bonds Payable – Direct Borrowing

On December 5, 2018, the University issued $6,200,000 in Series 2018C Auxiliary Facilities System Revenue Bonds. Bond proceeds were used to pay for partial renovations to Redbird Arena. The 2018C Bonds mature beginning April 1, 2019 and continuing through April 1, 2028. These bonds bear interest at 3.12%. Interest is payable on April 1, and October 1, commencing April 1, 2019. Series 2018C were direct borrowing bonds. The unused line of credit at June 30, 2023, was $0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On July 30, 2020, the University issued $36,950,000 in Series 2020A Auxiliary Facilities System Revenue Bonds. Bond proceeds were used to reimburse the University for the Watterson Towers HVAC project completed in the Summer of 2019 and for renovations of the Multi-Cultural Center on campus. These bonds bear interest at 1.47%. Interest is payable on April 1 and October 1, commencing October 1, 2020. Series 2020A were direct borrowing bonds. The unused line of credit at June 30, 2023, was $0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Revenue Bonds Payable – Direct Borrowing (Continued)

On June 30, 2022, the University issued $11,500,000 in Series 2022A Auxiliary Facilities System Revenue Bonds. Bond proceeds were used to pay for the construction of the athletics indoor practice facility. These bonds bear interest at 3.62%. Interest is payable on April 1 and October 1, commencing October 1, 2022. Series 2022A were direct borrowing bonds. The unused line of credit at June 30, 2023, was $0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On August 16, 2022, the University issued $13,775,000 in Series 2022B Auxiliary Facilities System Revenue Bonds. Proceeds of the bonds were used to refund the outstanding principal of the Series 2012A Revenue Bonds. The refunding resulted in a net decrease in the debt service payment of $700,616 and an estimated savings of $584,347 in present value. These refunding bonds bear interest at 2.99%. Interest is payable on April 1 and October 1 of each year, commencing April 1, 2023. Series 2022B were direct borrowing bonds. The unused line of credit at June 30, 2023, was $0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

As a requirement of issuing revenue bonds the University is subject to certain covenants. The University monitors its compliance with these covenants.

Revenue Bonds Payable – Pledged Revenue and Service Requirements

The University has pledged fees relating to tuition, health services, athletics, health insurance, student activities, and all other fees (excluding laboratory and library fees) collected from students, to repay the principal and interest of revenue bonds. A total of $161,997,212 of future revenues is pledged through 2049. Debt service to pledged revenues for the current year is 6.265%.

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Certificates of Participation Payable

Maturities and interest requirements on certificates of participation at June 30, 2023, are as follows:

Year Ending	Certificates of Participation		COPS from Direct Borrowings		Principal	Interest
June 30	Principal	Interest	Principal	Interest	Total	Total
2024	$ 1,165,000	$ 626,900	$ 3,895,000	$ 442,853	$ 5,060,000	$ 1,069,753
2025	1,205,000	580,300	3,965,000	377,004	5,170,000	957,304
2026	1,255,000	532,100	4,040,000	309,928	5,295,000	842,028
2027	1,305,000	486,606	3,525,000	241,584	4,830,000	728,190
2028	1,360,000	437,669	3,595,000	179,925	4,955,000	617,593
Subtotal	6,290,000	2,663,575	19,020,000	1,551,293	25,310,000	4,214,868
2029-2033	7,745,000	1,337,700	6,990,000	250,720	14,735,000	1,588,420
2034	1,765,000	72,806	-	-	1,765,000	72,806
Subtotal	15,800,000	$ 4,074,081	$ 26,010,000	$ 1,802,013	41,810,000	$ 5,876,094
Additions (deductions):						
Unamortized discounts	(67,346)				(67,346)	
Total	$ 15,732,654				$ 41,742,654	

On May 14, 2014, $25,000,000 in Certificates of Participation were issued. The Series 2014 Certificates of Participation consisted of $9,200,000 of Series 2014A-1 Certificates of Participation and $15,800,000 Series 2014A-2 Certificates of Participation. The Series 2014A-1 Certificates of Participation matured beginning April 1, 2015, and continued through April 1, 2023. The Series 2014A-1 Certificates of Participation bear interest at 2.29%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2014.

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Certificates of Participation Payable – Direct Borrowing

On May 14, 2014, $25,000,000 in Certificates of Participation were issued. The Series 2014 Certificates of Participation consisted of $9,200,000 of Series 2014A-1 Certificates of Participation and $15,800,000 Series 2014A-2 Certificates of Participation. The Series 2014A-2 Certificates of Participation mature beginning April 1, 2024, and continuing through April 1, 2034. The Series 2014A-2 Certificates of Participation bear interest from 3.625% to 4.125%. Interest is payable on April 1 and October 1 of each year, commencing on October 1, 2014.

On October 31, 2019, $12,705,000 in Certificates of Participation were issued. The proceeds from the issuance were to refinance Certifications of Participation Series 2008. The 2019 Certificates of Participation mature beginning April 1, 2020, continuing through April 1, 2028. These Certificates of Participation bear interest at 1.81%. Interest is payable on April 1 and October 1 of each year, commencing April 1, 2020. The unused line of credit at June 30, 2023, was $0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On March 31, 2021, $8,500,000 of Certificates of Participation were issued. The proceeds from the issuance were to refinance Certifications of Participation Series 2011. The 2021 Certificates of Participation mature beginning April 1, 2022, continuing through April 1, 2032. These Certificates of Participation bear interest at 1.34%. Interest is payable on April 1 and October 1 of each year, commencing October 1, 2021. The unused line of credit at June 30, 2023, was $0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

On October 28, 2021, $15,100,000 of Certificates of Participation were issued. The proceeds from the issuance were used to fund the College of Fine Arts Rehabilitation Project. The 2021B Certificates of Participation mature beginning April 1, 2022, continuing through April 1, 2031. These Certificates of Participation bear interest at 1.83%. Interest is payable on April 1 and October 1 of each year, commencing April 1, 2022. The unused line of credit at June 30, 2023, was $0. No assets are pledged as collateral. The debt agreement does not include terms related to events of default, termination events, or subjective acceleration clauses.

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Accrued Compensated Absences

Compensated absences consist of accrued vacation and sick leave. The total for accrued vacation and sick leave for the University is shown below:

	Vacation	Sick	Total
2023	$ 14,694,636	$ 2,384,870	$ 17,079,506

Leases Payable

A. Lessee arrangements

The University has entered into various leases for office facilities, office and computer equipment, and other right-to-use assets with remaining lease terms ranging from less than one year to ten years. Renewal terms and termination options are included in the right-to-use asset and lease liability balances. This reflects that it is reasonably certain renewal periods will be exercised and termination options will not be exercised.

Several of the University's leases contain both fixed and variable lease payments. These exist primarily within the leases for office facilities and office equipment, which, consist of Common Area Maintenance (CAM) charges, real estate taxes, and printing overage charges. These variable payments are not included in the calculation of the lease liability as they are not fixed in substance. The expenditures for variable payments not previously included in the measurement of the lease liability during the fiscal year ended June 30, 2023, were as follows: common area maintenance charges of $206,027, real estate taxes of $91,617, and printing overage charges of $37,408.

At June 30, 2023, right-to-use assets under leases are as follows:

Buildings	$ 8,093,023
Equipment	2,712,097
Subtotal	$ 10,805,120
Less accumulated amortization	(2,892,312)
Total	$ 7,912,808

Note 10. Long-term Liabilities (Continued)

University Long-term Liabilities (Continued)

Leases Payable (Continued)

Future minimum commitments for non-cancelable leases as of June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 1,549,095	$ 113,801	$ 1,662,896
2025	1,364,051	89,473	1,453,524
2026	1,095,602	69,479	1,165,081
2027	1,071,065	52,651	1,123,716
2028	1,011,516	37,169	1,048,685
Subtotal	6,091,329	362,573	6,453,902
2029-2032	2,007,362	36,290	2,043,652
Total	$ 8,098,691	$ 398,863	$ 8,497,554

B. Lessor arrangements

The University leases space within its facilities and residence halls to commodity retailers. These agreements have terms ranging from less than one year to ten years. The University recognized $4,800 in lease revenue, including interest and other related revenues for the period ending June 30, 2023. A few of these leases have variable payments that are not included in the measurement of the lease receivable. These variable payments are based on a percentage of total retailer gross receipts. The University recognized $282,441 in revenues related to these variable payments not included in the measurement of the lease receivable.

No debt has been issued that is secured by these lease payments. Additionally, the University has no leases of assets that are reported as investments, certain regulated leases, sublease transactions, sale-leaseback transactions, and lease-leaseback transactions.

Note 10. Long-term Liabilities (Continued)

Subscription-Based IT Arrangements

The University has entered into various subscription-based IT arrangements for software with remaining terms ranging from less than one year to ten years. Renewal terms and termination options are included in the right-to-use asset and liability balances. This reflects that it is reasonably certain renewal periods will be exercised and termination options will not be exercised.

Subscription based IT arrangements contain both fixed and variable subscription payments. These exist primarily within the agreement for cloud-based storage space. These variable payments are not included in the calculation of the liability as they are not fixed in substance. The expenditures for variable payments not previously included in the measurement of the liability during the fiscal year ended June 30, 2023, were $80,050. At June 30, 2023, right-to-use assets under subscription-based IT arrangements are $12,700,399 with accumulated amortization of $3,555,611.

Future minimum commitments for non-cancelable subscription-based IT arrangements as of June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 3,803,814	$ 193,329	$ 3,997,143
2025	2,572,651	108,281	2,680,932
2026	1,670,000	45,706	1,715,706
2027	367,326	14,102	381,428
2028	76,781	6,209	82,990
Subtotal	8,490,572	367,627	8,858,199
2029-2032	169,919	3,212	173,131
Total	$ 8,660,491	$ 370,839	$ 9,031,330

Note 10. Long-term Liabilities (Continued)

Foundation Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Total				
Beneficiary payments	$ 819,923	$ 121,422	$ (112,640)	$ 828,705
Contract-for-deed payable	2,098,512	-	(124,781)	1,973,731
Total	$ 2,918,435	$ 121,422	$ (237,421)	$ 2,802,436
Current portion				
Beneficiary payments	$ 112,640			$ 123,959
Contract-for-deed payable	124,781			128,896
Total current portion	$ 237,421			$ 252,855
Noncurrent portion				
Beneficiary payments	$ 707,283			$ 704,746
Contract-for-deed payable	1,973,731			1,844,835
Total noncurrent portion	$ 2,681,014			$ 2,549,581

Note 10. Long-term Liabilities (Continued)

Foundation Contract-for-Deed Payable

Long-term debt at June 30, 2023, consisted of a $3,300,000 installment contract-for-deed secured by the Alumni Center building. The contract requires 119 monthly payments of $16,160 at 3.34% interest with a final payment of the remaining outstanding balance.

Maturities and interest requirements on the contract payable at June 30, 2023, are as follows:

Year Ending June 30	Principal	Interest	Total
2024	128,896	65,029	193,925
2025	133,506	60,419	193,925
2026	1,711,329	28,574	1,739,903
Total	$ 1,973,731	$ 154,022	$ 2,127,753

INTO ISU Related Party Note Payable

INTO ISU had an agreement with its two partners, Global and INTO NA, which allows INTO ISU to borrow up to $6,000,000 in operating capital from INTO NA with an interest rate of 6%. Borrowings on this note could be made at any time subject to partner agreement. Outstanding borrowings were forgiven in full in accordance with the termination agreement dated February 6, 2023 and debt waiver agreement dated May 31, 2023.

	Beginning Balance	Additions	Retirements	Ending Balance
Long-term Note	$ 6,000,000	$ -	$ 6,000,000	$ -

Note 11. Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description: The University contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois (State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing its website at www.SURS.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. Tier 1 of the traditional and portable plan refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2022, can be found in the Financial Section of SURS ACFR.

Contributions: The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of fiscal year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2022 and 2023, respectively, was 12.32% and 12.83% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

Note 11. Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Net Pension Liability: The net pension liability (NPL) was measured as of June 30, 2022. At June 30, 2022, SURS defined benefit plan reported an NPL of $29,078,053,857.

University's Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability to be recognized by the University is $0. The proportionate share of the State's net pension liability associated with the University is $1,270,585,336 or 4.3696%. The University's proportionate share changed by 0.0838% from 4.2858% since the last measurement date on June 30, 2021. This amount is not recognized in the University's financial statements. The net pension liability and the total pension liability as of June 30, 2022, was determined based on the June 30, 2021, actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2022.

Defined Benefit Pension Expense: For the year ending June 30, 2022, SURS defined benefit plan reported a collective net pension expense of $1,903,314,699.

University's Proportionate Share of Pension Expense: The University's proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2022. As a result, the University recognized revenue and pension expense of $83,166,630 from this special funding situation during the year ended June 30, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit Pensions: Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

Note 11. Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 31,973,496	$ 28,674,599
Changes in assumptions	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	31,628,935	-
Total	$ 342,964,872	$ 1,011,628,867

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending June 30	Net Deferred Inflows of Resources
2023	$ (332,941,204)
2024	(528,966,820)
2025	(249,290,775)
2026	442,534,804
Total	$ (668,663,995)

University's Deferral of Fiscal Year 2023 Contributions: The University paid $728,025 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022, and are recognized as deferred outflows of resources as of June 30, 2023.

Note 11. Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period June 30, 2017, through June 30, 2020. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	3.00 to 12.75 percent, including inflation
Investment Rate of Return	6.50 percent

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan’s target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Note 11. Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Asset Class	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return
Traditional Growth		
Global Public Equity	38.0 %	7.62 %
Stabilized Growth		
Public Credit Fixed Incom	9.0	4.20
Credit Real Assets	4.5	4.98
Options Strategies	2.5	4.91
Private Credit	1.0	7.45
Non-Traditional Growth		
Private Equity	10.5	11.91
Non-Core Real Assets	2.5	9.43
Inflation Sensitive		
U.S. TIPS	5.0	1.23
Principal Protection		
Core Fixed Income	8.0	1.79
Crisis Risk Offset		
Systematic Trend Following	10.0	4.33
Alternative Risk Premia	5.0	3.59
Long Duration	4.0	2.16
Total	100.00 %	6.08 %
Inflation		2.25 %
Expected Arithmetic Return		8.33 %

Discount Rate: A single discount rate of 6.39% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and a municipal bond rate of 3.69% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS' funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Note 11. Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

***Sensitivity of the State's Net Pension Liability to Changes in the Discount Rate**:* Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the State's net pension liability, calculated using a single discount rate of 6.39%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage-point lower or one percentage-point higher:

1% Decrease 5.39%	Current Single Discount Rate Assumption 6.39%	1% Increase 7.39%
$ 35,261,802,968	$ 29,078,053,857	$ 23,928,731,076

Additional information regarding the SURS' basic financial statements, including the plan net position, can be found in SURS' Annual Comprehensive Financial Report by accessing the website at www.SURS.org.

Note 12. Defined Contribution Pension Plan

Plan description. The University contributes to the Retirement Savings Plan (RSP) administered by the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State of Illinois (State) makes substantially all required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided. A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2022, can be found in SURS Annual Comprehensive Financial Report- Notes to the Financial Statements.

Contributions. All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Note 12. Defined Contribution Pension Plan (Continued)

Forfeitures. Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the States contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the States General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense: For the year ended June 30, 2022, the State's contributions to the RSP on behalf of individual employers totaled $89,770,940. Of this amount, $80,902,699 was funded via an appropriation from the State and $8,868,241 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense: The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2022. The University's share of pensionable contributions was 4.8766%. As a result, the University recognized revenue and defined contribution pension expense of $4,377,781 from this special funding situation during the year ended June 30, 2023, of which $432,470 constituted forfeitures.

Note 13. Other Post-employment Benefits

***Plan description*.** The State Employees Group Insurance Act of 1971 (Act), as amended, authorizes the State Employees Group Insurance Program (SEGIP) to provide health, dental, vision, and life insurance benefits for certain retirees and their dependents. Substantially all of the University's full-time employees are members of SEGIP. Members receiving monthly benefits from the General Assembly Retirement System (GARS), Judges Retirement System (JRS), State Employees' Retirement System of Illinois (SERS), Teachers' Retirement System (TRS), and State Universities Retirement System of Illinois (SURS) are eligible for these other post-employment benefits (OPEB). The eligibility provisions for SURS are defined within Note 12.

The Department of Central Management Services (CMS) administers these benefits for annuitants with the assistance of the public retirement systems sponsored by the State (GARS, JRS, SERS, TRS, and SURS). The State recognizes SEGIP OPEB benefits as a single-employer defined benefit plan. The plan does not issue a stand-alone financial report.

***Benefits provided*.** The health, dental, and vision benefits provided to and contribution amounts required from annuitants are the result of collective bargaining between the State and the various unions representing the State's and the university component units' employees in accordance with limitations established by the Act. Therefore, the benefits provided and contribution amounts are subject to periodic change. Coverage through SEGIP becomes secondary to Medicare after Medicare eligibility has been reached. Members must enroll in Medicare Parts A and B to receive the subsidized SEGIP premium available to Medicare eligible participants. The Act requires the State to provide life insurance benefits for annuitants equal to their annual salary as of the last day of employment until age 60, at which time, the benefit amount becomes $5,000.

Note 13. Other Post-employment Benefits (Continued)

Funding policy and annual other postemployment benefit cost. OPEB offered through SEGIP are financed through a combination of retiree premiums, State contributions, and Federal government subsidies from the Medicare Part D program. Contributions are deposited in the Health Insurance Reserve Fund, which covers both active State employees and retirement members. Annuitants may be required to contribute towards health and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the SERS do not contribute toward health and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health and vision benefits. All annuitants are required to pay for dental benefits regardless of retirement date. The Director of CMS annually determines the amount the State shall contribute toward the basic program of group health benefits. State contributions are made primarily from the General Revenue Fund on a pay-as-you-go basis. No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of OPEB.

For Fiscal Year 2023, the annual cost of the basic program of group health, dental, and vision benefits before the State's contribution was $12,636 ($6,990 if Medicare eligible) if the annuitant chose benefits provided by a health maintenance organization and $14,646 ($5,882 if Medicare eligible) if the annuitant chose other benefits. The State is not required to fund the plan other than the pay-as-you-go amount necessary to provide the current benefits to retirees.

Special Funding Situation Portion of OPEB: The proportionate share of the State's OPEB expense relative to the University's employees totaled $92,308,000 during the year ended June 30, 2023. This amount was recognized by the University as non-operating special funding situation revenue and operating expense allocated to the related function performed by the employees during the year ended June 30, 2023.

While the University is not required to record the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation, the University is required to disclose this amount. The following chart displays the proportionate share of the State's contributions related to the University's special funding situation relative to all employer contributions during the years ended June 30, 2022 and 2021, each based on the June 30, 2021 and 2020, respectively, actuarial valuation rolled forward:

Measurement Date:	June 30, 2022
State of Illinois's OPEB liability related to the University under the Special Funding Situation	$ 470,779,008
SEGIP total OPEB liability	17,080,208,026
Proportion share of the total OPEB liability	2.7563%

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally

***Total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense related to OPEB*:** The University's total OPEB liability, as reported at June 30, 2023, was measured as of the measurement date on June 30, 2022, with an actuarial valuation as of June 30, 2020, which was rolled forward to the measurement date. The following chart displays the proportionate share of the University's contributions relative to all employer contributions during the years ended June 30, 2022 and 2021, each based on the June 30, 2021 and 2020, respectively, actuarial valuation rolled forward:

	June 30, 2022
University's OPEB liability	$ 9,052,510
SEGIP total OPEB liability	17,080,208,026
Proportion share of the total OPEB liability	0.0530%

The University's portion of the OPEB liability was based on the University's proportionate share amount determined under the methodology described in Note 1 during the year ended June 30, 2022. As of the current year measurement date of June 30, 2022, the University's proportionate shared decreased .0090% from its proportion measured as of the prior year measurement date of June 30, 2021.

The University recognized OPEB expense for the year ended June 30, 2023, of $(3,057,008). At June 30, 2023, the University reported deferred outflows and deferred inflows of resources, as of the measurement date of June 30, 2022, from the following sources:

Deferred outflows of resources	
Differences between expected and actual experience	$ 92,605
Changes in assumptions	223,451
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,852,025
University contributions subsequent to the measurement date	501,888
Total deferred outflows of resources	$ 2,669,969
Deferred inflows of resources	
Differences between expected and actual experience	$ 2,475,410
Changes of assumptions	8,867,078
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,895,118
Total deferred inflows of resources	$ 16,237,606

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

The amounts reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount*
2024	$ (3,411,211)
2025	(4,070,108)
2026	(3,222,175)
2027	(2,658,948)
2028	(707,083)
Total	$ (14,069,525)

*Expensed over the average remaining service life of active and inactive participants (5.276 years)

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

***Actuarial methods and assumptions*:** The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions, applied to all periods included in the measurement unless otherwise specified. The actuarial valuation for the SEGIP was based on GARS, JRS, SERS, TRS, and SURS active, inactive, and retiree data as of June 30, 2021, for eligible SEGIP employees, and SEGIP retiree data as of June 30, 2021.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.25%
Projected Salary Increases*	2.50% - 12.75%
Healthcare Cost Trend Rate:	
Medical and Rx Pre-Medicare - QCHP**	Trend rates start at 8.00% in 2024, decreasing by 0.25% per year to an ultimate trend rate of 4.25% in year 2039.
Post-Medicare - MAPD***	Trend rates are 0.00% in years 2024 to 2028, 19.42% from 2029 to 2033, then 5.77% in 2034 decreasing ratably to an ultimate trend rate of 4.25% in 2039.
Retirees' share of benefit related costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each year of service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2022 and 2023 are based on actual premiums. Premiums after 2023 were projected based on the same healthcare cost trend rates applied to per capita claim costs.

Note: the above actuarial assumptions were used to calculate the OPEB liability as of the current year measurement date and are consistent with the actuarial assumptions used to calculate the OPEB liability as of the prior year measurement date except for the following:

Healthcare Cost Trend Rate:	
Medical and Rx (Pre-Medicare and Post-Medicare	1.80% grading up 6.20% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038. There is no additional trend rate adjustment due to the repeal of the Excise Tax.
Medical and Rx (Post-Medicare)	-7.56% grading up 15.56% in the first year to 8.00%, then grading down 0.25% per year to an ultimate trend of 4.25% in year 2038.
Dental and Vision	3.75% grading up 0.25% in the first year to 4.00% through 2038.

*Dependent upon service and participation in the respective retirement systems. Includes inflation rate listed.

** Quality Care Health Plan

*** Medicare Advantage Prescription Drug

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

Since the last measurement date on June 30, 2021, the State has not made any significant changes to the benefit terms affecting the measurement of the collective total OPEB liability.

Additionally, the demographic assumptions used in the OPEB valuation are identical to those used in the June 30, 2021 valuations GARS, JRS, SERS, TRS and SURS as follows:

	Retirement age experience study^	Mortality^^
GARS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 99% for males and females, and the MP-2018 two-dimensional generational mortality improvement scales
JRS	July 2018 - June 2021	Pub-2010 Above-Median Income General Healthy Retiree Mortality tables, sex distinct, scaling factors of 102% for males and 98% for females, and the MP-2018 two-dimensional generational mortality improvement scales
SERS	July 2018 - June 2021	Pub-2010 General and Public Safety Healthy Retiree mortality tables, sex distinct, with rates projected to 2018 generational mortality improvement factors were updated to projection scale MP-2018
TRS	July 2017 - June 2020	Pub-2010 adjusted for TRS experience for future mortality improvements on a fully generational basis using projection table MP-2020
SURS	July 2017 - June 2020	Rates based on Pub-2010 Healthy Retiree Mortality tables and the most recent MP-2020 projection scale. Teachers table was used for Academic members and General

^ The actuarial assumptions used in the respective actuarial valuations are based on the results of actuarial experience studies for the periods defined.

^^ Mortality rates are based on mortality tables published by the Society of Actuaries' Retirement Plans Experience Committee.

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

Discount rate. Retirees contribute a percentage of the premium rate based on service at retirement. The State contributes additional amounts to cover claims and expenses in excess of retiree contributions. Because plan benefits are financed on a pay-as-you-go basis, the single discount rate is based on a tax-exempt municipal bond rate index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. A single discount rate of 1.92% at June 30, 2021, and 3.69% as of June 30, 2022, was used to measure the total OPEB liability.

Sensitivity of total OPEB liability to changes in the single discount rate: The following presents the University's proportionate share of the plan's total OPEB liability measured as of June 30, 2022, calculated using a Single Discount Rate of 3.69%, as well as what the University's proportionate share of the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.69%) or lower (2.69%) than the current rate:

1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)	1% Increase (4.69%)
$ 9,987,588	$ 9,052,510	$ 8,040,523

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate. The following presents the University's proportionate share of the plan's total OPEB liability measured as of June 30, 2022, calculated using the healthcare cost trend rates as well as what the University's proportionate share of the plan's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. For calculating the healthcare cost trend rates assumption, the key trend rates are 8.00% in 2024 decreasing to an ultimate trend rate of 4.25% in 2039.

1% Decrease	Current Healthcare Cost Trend Rates Assumption	1% Increase
$ 7,837,664	$ 9,052,510	$ 10,283,792

Note 13. Other Post-employment Benefits (Continued)

University's Portion of OPEB and Disclosures Related to SEGIP Generally (Continued)

Total OPEB Liability Associated with the University, Regardless of Funding Source: The University is required to disclose all OPEB liabilities related to it, including (1) the portion of the State's OPEB liability related to the University's employees resulting from the special funding situation the University is not required to record and (2) the portion of OPEB liability recorded by the University for its employees paid from trust, federal, and other funds. The following chart displays the proportionate share of contributions, regardless of funding source, associated with the University's employees relative to all employer contributions during the years ended June 30, 2022 and 2021, each based on the June 30, 2021 and 2020, respectively, actuarial valuation rolled forward:

Measurement Date:	June 30, 2022
State of Illinois's OPEB liability related to the University under the Special Funding Situation	$ 470,779,008
University's OPEB liability	9,052,510
Total OPEB liability associated with the University	$ 479,831,518
SEGIP total OPEB liability	17,080,208,026
Proportion share of the OPEB liability associated with the University	2.809%

Note 14. Transactions with Related Organizations

Illinois State University Foundation

The Foundation is a related organization formed to support in various ways the University's instructional, research and public service missions. Effective July 1, 2022, the Foundation renewed the Support Agreement, for an additional one year, with the University Board of Trustees (acting for and on behalf of the University) whereby the University agrees to provide to the Foundation fair and reasonable compensation in exchange for development and fundraising services up to a maximum value. The maximum value under the agreement was $2,843,000 for the year ended June 30, 2023. Under terms of the agreement, the University provided in-kind support in the form of personnel, office space, office equipment, computer support, and communication services estimated at $2,880,286 during fiscal year 2023. During these years the direct and/or indirect support of the University, as well as the scholarships provided by the Foundation exceeded the value provided by the University under the agreement.

As of June 30, 2023, the Foundation had payables to the University of $2,148,215. In addition, at June 30, 2023, the Foundation had no receivables from the University.

Note 14. Transactions with Related Organizations (Continued)

Illinois State University Foundation (Continued)

In fiscal year 2009, Launching Futures, LLC acquired real estate for approximately $6.3 million that was being leased by the University from an outside party. Once the sales contract was signed, the University continued to lease the property from the seller until the initial closing. The acquired real estate serves as the University's Alumni Center. Launching Futures, LLC leases the property to the University at $19,167 per month.

During fiscal year 2022, the Foundation contributed services and expenditures of $7,087,745 that were for the direct and/or indirect support of the University. The Foundation also contributed $5,735,292 in student aid, scholarships, and awards to the University. These amounts were applied directly to the students' accounts.

As of and during the year ended June 30, 2023, the University and Foundation had the following inter-entity transactions:

	Illinois State University Foundation	
Illinois State University	Accounts Payable	Operating Expense
Accounts receivable, net	$ 2,148,215	$ -
Other operating revenues	-	984,729
Payments on behalf of the University	-	3,492,972
Gifts and Donations*	-	2,468,818
Capital gifts and grants	-	141,226
Total	$ 2,148,215	$ 7,087,745

*The University reflects gifts and donations of $2,622,215. The difference is due to timing of when gifts are recognized by the University and Foundation.

INTO ISU

On February 6, 2023, the members of INTO ISU signed the Termination and Forgiveness Promissory Note Agreement. As part of this Debt Waiver Agreement ISU forgave $3,313,890, including interest.

For the period ended June 30, 2023, the incurred cost by INTO ISU to the University was $82,265 for operating costs.

Note 15. Student Health Insurance

The University contracts with Aetna Student Health (ASH) formerly known as The Chickering Group, an Aetna Company of Burlington, Massachusetts for administration of the Aetna Student Health Insurance Plan to provide insurance benefits to students of the University. Students enrolled in 9 or more semester hours of credit pay a premium for this coverage. As part of the contractual agreement between the University and ASH, the University has a premium stabilization reserve (PSR) which is used to minimize future plan year increases in the premium based on unexpectedly high claims utilization. As each Plan Year is finalized, costs are debited (gains are credited) to an account funded by the University each year (15% of expected premium less taxes and fees as the initial deposit but adjusted to 15% of actual premium less taxes and fees upon reconciliation). There was $913,485 left over from the 2019-20 PSR experience and $2,743,342 left over from the 2020-21 PSR experience. The 2021-2022 reserve of $1,817,552, a combination of PSR funding and experience surplus, became available upon final calculation in September 2023. $1,404,113 is estimated to fund 2023-24. $913,485 from the 2019-20 reserve and $490,629 from the 2020-21 reserve will be used to fund 2023-24. Remaining reserves from 2020-21 and 2021-22 will be available to fund future years. Potential future refunds are still at risk for unexpected claims losses, they are not recorded as assets. Assuming medical trend, no plan design changes, and no change in enrollment, it is estimated up to $1,516,000 to be needed to fund 2024-25.

Note 16. Student Financial Assistance

The University participates in the U.S. Department of Education's Direct Student Loan Program. The University awarded $82,526,261 in direct student loans for the year ended June 30, 2023. The University receives this cash from the Department of Education and then applies it accordingly to the related students' account. Any loan proceeds remaining after balances are satisfied are then refunded to the borrower. The University incurs no other related income/expense items related to these awards. Direct Loans are also disclosed in the footnotes to the University's schedule of expenditures of federal awards in the University's compliance examination report.

Note 17. Risk-Management

The University maintains commercial insurance for both property (buildings and contents) and liability loss exposures. During fiscal year 2023, the insured values of buildings and some building contents totaled $1.86 billion, an increase of approximately $70 million from fiscal year 2022, which totaled $1.79 billion in insured values of buildings and contents.

As a public university in the State, the University enjoys certain statutory protections through the Court of Claims Act (705 ILCS 505) and the State Employee Indemnification Act (5 ILCS 350). In addition, the University purchases liability insurance that covers related claims subject to a $350,000 self-insured retention. The educator's legal liability policy has aggregate and occurrence limits of $5,000,000. The general liability insurance policy has a per occurrence limit of $10,650,000 and an aggregate of $19,650,000.

To augment existing State and commercial coverage, and to assist in addressing potential risks and liabilities incurred through its operations, the University is self-funded. In accordance with the requirement of GASB Statement No. 10, a liability for claims is reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. At June 30, 2023, the liability was $0. There were no settlements which exceeded insurance coverage for the last three years.

Note 18. Net Position

University Net Position

University restricted net position is comprised of the following at June 30, 2023:

Student loans	$ 765,506
Repair and replacement reserve	146,915,147
Operation and maintenance	7,259,144
Total Restricted Net Position	$ 154,939,797

The University's Board of Trustees designated unrestricted net position is comprised of the following at June 30, 2023:

Self insurance	$ 1,118,491
	$ 1,118,491

Foundation Net Position

The Foundation's restricted net position is comprised of the following at June 30, 2023:

Nonexpendable:	
Scholarship and fellowship	$ 78,351,935
College and academic department support	35,779,841
University capital projects	6,613,470
Other	6,127,310
Total nonexpendable	$ 126,872,556
Expendable:	
Scholarship and fellowship	$ 62,281,182
College and academic department support	34,534,397
University capital projects	16,784,574
Other restricted expendable	10,344,538
Total expendable	$ 123,944,691

Note 19. Foundation Donor Restricted Endowments

The Foundation follows the State's Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA eliminated the historic dollar value rule with respect to endowment fund spending. UPMIFA also updated the prudence standards for the management and investment of charitable funds. In accordance with UPMIFA, the Foundation's Board considers the factors in Sections 3(e)(1) and 4(a) of the UPMIFA in determining the investment, management, and disbursement of endowment funds.

UPMIFA permits the Foundation to authorize expenditures from available endowment funds' earnings and/or principal, unless the fund's donor has specified otherwise. In concert with UPMIFA standards, the Foundation Investment Committee has adopted a "weighted average" endowment spending distribution formula based on the sum of the following two components:

1. The prior year's spending distribution, plus 4.5% of the value of new gifts; the sum of which is adjusted by the most recently calculated annual Higher Education Price Index, then weighted at 70%.

2. The year-end market value times 4.5% then weighted at 30%.

A fund-raising fee of 1.25% of the December 31, 2022 and 2021, market values, respectively, was assessed from each endowed fund's annual distribution (as calculated above) to help support Foundation's fund-raising and general operations.

On July 1, 2022, a total of $7,126,486, was distributed to endowed funds' expendable balances and fund-raising fees totaling $2,610,518, respectively, were distributed to the Foundation's budget.

Note 20. Commitments

The University has entered into contracts for significant repairs and replacement of University capital assets. Total estimated costs under these contracts are $20,640,750; approximately $4,282,872 (20.75%) of the work has been completed as of June 30, 2023. The University is obligated to pay the remainder of the costs under the contracts as the work is completed.

The University has secured natural gas and electricity at a fixed price through December 31, 2025 by executing forward fixed price purchase contracts with Interstate Municipal Gas Agency and MidAmerican Energy. As of June 30, 2023, the University's commitment to these contracts is approximately $1,415,200 for natural gas and $8,058,246 for electricity. These are considered normal purchase contracts.

The Foundation has invested in various limited partnerships. According to the terms of the investment agreements, the Foundation has committed to invest $118,062,447 as of June 30, 2023. As of June 30, 2023, the Foundation had invested $73,990,251 and has future investment commitments of $44,072,196.

Note 21. Contingencies

The University is, from time to time, subject to various claims, legal actions, and inquiries related to compliance with laws and regulations. Although it is difficult to quantify the potential impact of these claims, management believes that the ultimate cost of these matters will not adversely affect the University's future financial condition or results of operations.

Accordingly, management does not believe that a reserve of the future effect, if any, of these matters on the financial condition or results of operations of the University is necessary at June 30, 2023, as it is not possible to determine with any degree of probability the level of future payments for these matters.

Note 22. Crosswalk of Natural Classification with Functional Classifications

	Natural Classification for the Year Ended June 30, 2023				
University	Compensation and Benefits	Supplies and Services	Scholarships	Depreciation	Total
Instruction	$ 133,232,500	$ 19,582,984	$ -	$ -	$ 152,815,484
Research	18,192,866	10,931,837	-	-	29,124,703
Public service	6,068,951	10,589,191	-	-	16,658,142
Academic support	22,129,418	6,763,831	-	-	28,893,249
Student services	28,321,385	25,483,827	-	-	53,805,212
Institutional support	36,719,292	11,575,443	-	-	48,294,735
Operation of plant	15,944,755	20,880,805	-	-	36,825,560
Depreciation	-	-	-	31,332,297	31,332,297
Student aid	-	-	86,815,439	-	86,815,439
Auxiliary facilities	35,543,438	47,591,024	-	-	83,134,462
Total University	$ 296,152,605	$ 153,398,942	$ 86,815,439	$ 31,332,297	$ 567,699,283

The following financial information represents identifiable activities within the University's financial statements for which one or more revenue bonds are outstanding. The Auxiliary Facilities System (System) is comprised of University-owned housing units, student union, recreation and athletic facilities, and parking facilities.

The operating revenues of the System consist of room and board charges, student activity fees, various user fees, and facility rentals.

Operating expenses of the System include expenses for reasonable upkeep and repairs, necessary maintenance charges, and other expenses incidental to the operations of the facilities and activities of the System in accordance with the bond indentures.

Note 23. Segment Information

Following are condensed financial statements for the Auxiliary Facilities System:

Condensed Statement of Net Position at June 30, 2023

Assets:	
Current assets:	
Restricted - current assets	$ 100,405,341
Other current assets	288,574
Noncurrent assets:	
Capital assets, net	320,466,962
Restricted - other noncurrent assets	66,250,100
Prepaid expenses and prepaid bond insurance	477,476
Deferred outflow	468,297
Total assets	488,356,750
Liabilities:	
Current liabilities	17,947,902
Noncurrent liabilities	123,827,117
Deferred inflow	243,077
Total liabilities	142,018,096
Net position:	
Invested in capital assets, net of related debt	192,164,363
Restricted - expendable	154,174,291
Total net position	$ 346,338,654

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the Year Ended at June 30, 2023

	Amount
Operating revenues	$ 100,909,899
Depreciation expense	(12,642,804)
Other operating expenses	(84,181,409)
Operating income	4,085,686
Nonoperating revenues	4,079,942
Nonoperating expenses	(4,328,975)
Increase in net position	3,836,653
Net position - beginning of year	342,502,001
Net position - end of year	$ 346,338,654

*Note: Operating revenue and expense do not agree to the University's Statement of Revenues, Expenses, and Changes in Net Position due to certain inter-entity eliminating entries.

Note 23. Segment Information (Continued)

Condensed Statement of Cash Flows for the Year Ended June 30, 2023

	Amount
Net cash flows provided by operating activities	$ 20,411,916
Net cash flows provided by noncapital financing activities	290,932
Net cash flows used by capital and related financing activities	(29,302,274)
Net cash flows provided by investing activities	26,715,619
Net increase in cash and cash equivalents	18,116,193
Cash and cash equivalents, beginning of year	24,339,994
Cash and cash equivalents, end of year	$ 42,456,187

Following is additional disclosure information relating to the System's revenue bonds (s*ee Note 10*).

The following accounts were established by the bond resolution amendment effective May 12, 2023.

Net Revenue Funds - Each Auxiliary Unit may have its own Net Revenue Fund into which each Auxiliary Unit will deposit its respective Net Revenues

Bond Fund – A separate fund will be maintained with the Bond Registrar into which all funds deposited into the fund will be pursuant to the Bond Resolution. No later than each April 1 and October 1 should the Board Treasurer transfer and deposit to the Bond Fund such amounts from the Net Revenue Funds and any necessary Pledged Fees and Pledged Tuition as are necessary, together with any investment income transferred from the Debt Service Reserve Account. These amounts when added with the existing balance shall equal the principal and interest due on each payment date.

Debt Service Reserve Account – The Board has established a separate fund into which all deposited funds will be pursuant to the Bond Resolution. None of the Bonds outstanding as of the Resolution Amendment Effective Date will be secured by the Debt Service Reserve Account and there is no requirement that any Bonds be secured by the Debt Service Reserve.

Repair and Replacement Reserve Account - From the funds remaining in the Net Revenue Fund, the University's Treasurer shall deposit in the Repair and Replacement Reserve Account on or before the close of each fiscal year such funds that have been approved by the Board for credit to a repair and replacement reserve. All moneys and investments so held in said Account shall be used and held for use to pay the cost of maintenance or repairs, renewals, and replacements, and renovating or replacement of fixed equipment not paid as part of the ordinary maintenance and operation of the System. The maximum amount which may be accumulated in such account shall not exceed 5 percent of the replacement cost of the facilities constituting the System, as determined by the then current *Engineering News Record Building Cost Index* (or comparable index), plus 20 percent of the replacement cost of equipment within the System plus either 10 percent of the historical cost of the parking lots or 100 percent of the estimated cost of resurfacing any one existing parking lot which is part of the System.

Note 23. Segment Information (Continued)

Non-Instructional Facilities (Development) Reserve Account – Under the terms of the bond indenture, the Board Treasure shall deposit into the Development Reserve Account such funds, or such portion thereof as is available for transfer, as have been approved by the Chief Fiscal Officer of the University or their designee for expenditure or planned for expenditure for the construction or acquisition of a new facility that will be part of the System or for new space or construction in, or an addition to, an existing facility consistent with the purpose and mission of that facility. Funds held in this account are not pledged as security for the payment of the Bonds, but may be used to remedy deficiencies in the Bond Fund.

Disposition of Surplus Revenues in the Net Revenue Funds - At the close of each fiscal year after all transfers and maximum deposits have been made and any deficiencies have been remedied, the balance of any excess funds in the Net Revenues Funds remaining shall be deemed surplus revenues. If no default has occurred and is continuing under this Bond Resolution, the Surplus Revenues may be used by the Board for any lawful purpose as permitted by and in accordance with guidelines promulgated by the State.

The following represents the cash and investment balances within each account at June 30, 2023:

	2023
Account:	
Bond Fund	$ 113,720
Net Revenue Funds	7,238,021
Repair and Replacement Reserve Account	56,008,464
Non-Instructional Facilities (Development) Reserve Account	97,580,102
Total of all accounts	$ 160,940,307

Note 24. Discretely-Presented Component Units

The University's financial statements include the activity of the two discretely-presented component units. Below are financial statements by organization:

Statement of Net Position	2023		
	Foundation	INTO ISU	Total
Assets			
Current assets:			
Unrestricted			
Cash and cash equivalents	$ 7,634,878	$ -	$ 7,634,878
Accounts receivable, net	-	-	-
Prepaid expenses and other	34,159	-	34,159
Pledges receivable, net	6,440,678	-	6,440,678
Total current assets	14,109,715	-	14,109,715
Noncurrent assets:			
Unrestricted			
Investments	240,139,971	-	240,139,971
Pledges receivable, net	8,790,508	-	8,790,508
Capital assets not depreciated	980,000	-	980,000
Capital assets, net of depreciation	4,643,981	-	4,643,981
Other noncurrent assets	3,840,949	-	3,840,949
Restricted			
Cash and cash equivalents	7,413,725	-	7,413,725
Total noncurrent assets	265,809,134	-	265,809,134
Total assets	279,918,849	-	279,918,849
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	3,366,024	-	3,366,024
Other	252,855	-	252,855
Total current liabilities	3,618,879	-	3,618,879
Noncurrent liabilities:			
Other	2,549,581	-	2,549,581
Total noncurrent liabilities	2,549,581	-	2,549,581
Total liabilities	6,168,460	-	6,168,460
Net Position			
Net investment in capital assets	3,650,250	-	3,650,250
Restricted:			
Nonexpendable	126,872,556	-	126,872,556
Expendable	123,943,691	-	123,943,691
Unrestricted	19,283,892	-	19,283,892
Total net position	$ 273,750,389	$ -	$ 273,750,389

Note 24. Discretely-Presented Component Units (Continued)

Statement of Revenues, Expenses and Changes in Net Position

	2023		
	Foundation	**INTO ISU**	**Total**
Operating revenues			
State and local grants and contracts	$ 2,843,000	$ -	$ 2,843,000
Tuition income	-	-	-
Other operating revenues	83,644	9,496	93,140
Total operating revenues	2,926,644	9,496	2,936,140
Operating expenses			
Educational and general:			
Operations	4,463,170	-	4,463,170
Depreciation	321,592	-	321,592
Student aid	5,735,292	-	5,735,292
Other operating expenditures	2,249	387,439	389,688
Expenditures on behalf of University and students	7,064,576	-	7,064,576
Total operating expenses	17,586,879	387,439	17,974,318
Operating loss	(14,660,235)	(377,943)	(15,038,178)
Nonoperating revenues (expenses)			
Gifts and donations	6,491,662	-	6,491,662
Investment income, net of investment expenses	13,139,603	-	13,139,603
Interest expense	(69,144)	-	(69,144)
Other nonoperating revenues	1,774,259	12,483,087	14,257,346
Other nonoperating expenses	(66,000)	-	(66,000)
Net nonoperating revenues	21,270,380	12,483,087	33,753,467
Income (loss) before capital items	6,610,145	12,105,144	18,715,289
Additions to permanent endowments	5,818,298	-	5,818,298
Total capital items	5,818,298	-	5,818,298
Increase in net position	12,428,443	12,105,144	24,533,587
Net position			
Beginning of year	261,321,946	(12,105,144)	249,216,802
End of year	$ 273,750,389	$ -	$ 273,750,389

Note 25. Subsequent Events

On July 8, 2023, the University's Board of Trustees authorized the issuance of Certificates of Participation, Series 2023. The Series closed on August 2, 2023, in the amount of $13,850,000 with a fixed interest rate of 2.7%. The proceeds from the issuance will fund the University's Mennonite School of Nursing simulation lab.

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Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2023

Schedule of the University's Proportionate Share of the Net Pension Liability

Measurement Date	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
University's Proportion Percentage of the Collective Net Pension Liability								
(a) University's Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	1,270,585,336	1,222,676,894	1,311,273,536	1,245,072,525	1,177,261,928	1,075,022,381	1,070,597,248	1,002,937,669
Total (b) + (c)	$ 1,270,585,336	$ 1,222,676,894	$ 1,311,273,536	$ 1,245,072,525	$ 1,177,261,928	$ 1,075,022,381	$ 1,070,597,248	$ 1,002,937,669
Employer Defined Benefit (DB) Covered Payroll	$ 219,537,312	$ 220,603,480	$ 217,216,901	$ 210,580,520	$ 202,871,465	$ 195,662,572	$ 195,466,918	$ 198,967,447
Proportion of Collective Net Pension Liability associated with Employer as a percentage of DB covered payroll	578.76%	554.24%	603.67%	591.26%	580.30%	549.43%	547.71%	504.07%
SURS Plan Net Position as a Percentage of Total Pension Liability	45.45%	45.45%	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%

Schedule of Contributions - Pension

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Federal, trust, grant and other contribution	$ 728,025	$ 614,333	$ 707,495	$ 780,866	$ 765,255	$ 669,483	$ 650,920	$ 671,749	$ 651,497
Contribution in relation to required contribution	728,025	614,333	707,495	780,866	765,255	669,483	650,920	671,749	651,497
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Employer covered payroll	$ 5,851,464	$ 5,569,357	$ 5,797,923	$ 6,331,536	$ 6,285,271	$ 5,742,955	$ 5,192,248	$ 4,957,342	$ 5,182,867
Contribution as a percentage of covered payroll	12.44%	11.03%	12.20%	12.33%	12.18%	11.66%	12.54%	13.55%	12.57%

Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2023

Schedule of the University's Proportionate Share of the Net OPEB Liability

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
University's Proportion Percentage of the Collective Net OPEB Liability						
University's Proportion Percentage of the Collective Net OPEB Liability	0.0530%	0.0620%	0.0579%	0.0668%	0.0606%	0.0727%
Proportionate Share of the Collective Net OPEB Liability	$ 9,052,510	$ 21,649,144	$ 24,517,550	$ 29,338,554	$ 24,296,509	$ 30,042,445
State of Illinois's Proportionate Share of the Collective Net OPEB Liability related to the University	470,779,008	879,227,267	919,552,524	974,523,836	922,737,490	1,268,461,564
Total OPEB liability associated with the University	$ 479,831,518	$ 900,876,411	$ 944,070,074	$ 1,003,862,390	$ 947,033,999	$ 1,298,504,009
University's covered employee payroll	$ 234,114,733	$ 219,946,988	$ 218,622,168	$ 216,838,832	$ 208,038,171	$ 200,373,903
Proportionate share of the Net Collective OPEB Liability as a percentage of covered-employee payroll	204.96%	409.59%	431.83%	462.95%	455.22%	648.04%

Notes to the Required Supplementary Information

These pension schedules are presented to illustrate the requirements of Governmental Accounting Standards Board Statement No. 68 (GASB 68) to show information for 10 years. However, until a full 10-year trend is compiled, the University will present only available information measured in accordance with the requirements of GASB 68.

Changes of benefit terms: There were no benefit changes recognized in the Total Pension Liability as of June 30, 2022.

Changes of assumptions: In accordance with the *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017, to June 30, 2020, was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022, actuarial valuation.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects decreasing the assumed real rate of return to 4.25 percent and maintaining the underlying assumed price inflation of 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Early retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Notes to the Required Supplementary Information

The OPEB schedules are presented to illustrate the requirements of Governmental Accounting Standards Board Statement No. 75 (GASB 75) to show information for 10 years. However, until a full 10-year trend is compiled, the University will present only available information measured in accordance with the requirements of GASB 75.

Payment of benefits: No assets are accumulated or dedicated to funding the retiree health insurance benefit and a separate trust has not been established for the funding of the OPEB. State contributions are made primarily from the General Fund on a pay-as-you-go basis.

Factors that affect trends in the amounts reported: An actuarial valuation was performed as of June 30, 2021 with a measurement date as of June 30, 2022. The following assumptions were used:

- The healthcare trend assumptions were updated based on claim and enrollment experience through June 30, 2021, projected plan cost for plan year end June 30, 2022, premium changes through plan year end 2023 and expectation of future trend increases after June 30, 2022.
- Per capita claim costs for plan year end June 30, 2022, were updated based on projected claims and enrollment experience through June 30, 2022 and updated premium rates through plan year 2023.
- Healthcare plan participation rates by plan were updated based on observed experience.
- The discount rate was changed from 1.92 percent at June 30, 2021, to 3.69 percent at June 30, 2022.

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Supplementary Information
For the Year Ended June 30, 2023

Schedule of Operating Expenses

The following table presents a break-down of the various types of expenses which collectively comprise the University's functional operating expense accounts as of June 30, 2023.

	Compensation and Benefits											
	Illinois State University's Expenses					State of Illinois' Expenses						
	Salaries[1]	Benefits[2]	OPEB[3]	Pension	Sub-Total	Benefits[2]	OPEB[3]	Pension	Sub-Total	Total	Other Expenses	Total Operating Expenses
Educational and general:												
Instruction	$ 115,682,112	$ 278,128	$ (487,501)	$ 150,339	$ 115,623,078	$ 19,788,079	$ (42,217,618)	$ 40,038,961	$ 17,609,422	$ 133,232,500	$ 19,582,984	$ 152,815,484
Research	16,751,751	583,879	(1,545,809)	310,629	16,100,450	2,349,987	(4,991,154)	4,733,583	2,092,416	18,192,866	10,931,837	29,124,703
Public service	5,805,212	419,387	(1,030,164)	181,108	5,375,543	777,894	(1,637,156)	1,552,670	693,408	6,068,951	10,589,191	16,658,142
Academic support	19,118,452	3,063	(9,394)	1,857	19,113,978	3,386,447	(7,189,320)	6,818,313	3,015,440	22,129,418	6,763,831	28,893,249
Student services	25,024,600	32,796	(196,420)	18,534	24,879,510	3,846,896	(7,848,439)	7,443,418	3,441,875	28,321,385	25,483,827	53,805,212
Institutional support	28,411,190	3,180,702	-	60,052	31,651,944	5,681,024	(11,891,714)	11,278,038	5,067,348	36,719,292	11,575,443	48,294,735
Operation and maintenance of plant	11,741,759	-	-	-	11,741,759	4,726,410	(10,142,618)	9,619,204	4,202,996	15,944,755	20,880,805	36,825,560
Depreciation	-	-	-	-	-	-	-		-	-	31,332,297	31,332,297
Student aid	-	-	-	-	-	-	-	-	-	-	86,815,439	86,815,439
Auxiliary facilities:												
Student housing, activity facilities, and parking	32,871,932	-	-	-	32,871,932	3,001,263	(6,389,981)	6,060,224	2,671,506	35,543,438	47,591,024	83,134,462
Total	$ 255,407,008	$ 4,497,955	$ (3,269,288)	$ 722,519	$ 257,358,194	$ 43,558,000	$ (92,308,000)	$ 87,544,411	$ 38,794,411	$ 296,152,605	$ 271,546,678	$ 567,699,283

[1] Salaries includes employer contributions for Social Security, Medicare, and unemployment.

[2] Benefits includes certain group insurance costs, such as healthcare and life insurance. For the University, it also includes employer § 403(b) contributions.

[3] OPEB refers to other post-employment benefits.

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Other Information (Unaudited)
For the Year Ended June 30, 2023

Data Required by Revenue Bond Resolutions
Schedule of Insurance

Insurance Coverage:

Insurance covers property damage to buildings, some contents, business interruption, some electronic data processing, and more. Coverage is very broad (including all risks except those otherwise excluded)

	Coverage Amount	Deductible
Most buildings, some contents, business interruption, some electronic data processing, and builder's risk	$ 1,000,000,000	$ 100,000
Flood	100,000,000	100,000
Earthquake	100,000,000	100,000

Insurance companies: Alliant Property Insurance Program manages ISU’s property insurance, with Lexington Insurance Company (AIG) as the primary underwriting insurance carrier and at least eighteen (18) secondary underwriting carriers.

Policy Period: July 1, 2023 to June 30, 2024

Data Required by Revenue Bond Resolutions

Undergraduate Tuition and Fees[1]

The following schedule shows the yearly tuition and fees charged by the University to new full-time undergraduate students who were residents of the State from fiscal year 2018 through fiscal year 2024.

Fiscal Year	Tuition and Fees	Room and Board	Combined Costs
2018	$ 13,563	$ 9,630	$ 23,193
2019	13,992	9,630	23,622
2020	14,832	9,630	24,462
2021	15,319	9,630	24,949
2022	15,319	9,918	25,237
2023	15,733	10,364	26,097
2024	16,021	10,778	26,799

[1] Tuition and fees costs is based on 15 credit hours. Students taking 16 or more credit hours pay the per credit hour charge for each additional hour. Room and board is based on double occupancy and a 5-day unlimited meal plan.

Data Required by Revenue Bond Resolutions

Schedule of Historical Occupancy Rates for Housing Facilities

Residence Halls	Historical Occupancy Rates for Housing Facilities[1] Measured on the Fall Semester's 10th Day of Occupancy 2017	2018	2019	2020	2021	2022	Fall 2022 10th Day Occupancy
Wilkins	93.5%	103.6%	109.4%	61.2%	97.4%	108.4%	452
Wright	96.1%	107.5%	110.3%	60.8%	96.6%	110.6%	429
Haynie	98.4%	110.0%	112.7%	64.3%	99.2%	111.1%	411
Manchester	92.6%	99.5%	101.8%	61.2%	93.8%	96.1%	738
Hewett	93.7%	99.4%	105.6%	52.1%	94.4%	98.6%	780
Watterson	105.2%	106.5%	107.4%	63.0%	87.3%	103.0%	2,295
Cardinal Court[2]	99.4%	99.7%	99.6%	49.0%	98.3%	99.1%	886
Total Residence Halls							5,991
Average Occupancy (Residence Halls)	99.2%	103.7%	104.1%	58.5%	92.2%	102.3%	
Shelbourne Apartments[3]	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-
Fell/School Apartments	97.0%	98.0%	95.0%	72.7%	100.0%	96.0%	78
Total Apartments							78

[1] Occupancy rates exceeding 100% are achieved through use of lounges and other common areas for dormitory space during the initial months of each academic year. To account for permanently reduced spaces resulting from renovations and the decommissioning of facilities, residence hall capacity was revised to 5,936 in Fall 2022.

[2] Fell Ave apartments were taken offline in Fall 2020. This included 57 beds. The revised capacity for the School Street apartments is 44.

Data Required by Revenue Bond Resolutions
Enrollment Data

Approximately 96% of enrolled students are residents of the State paying in-State tuition rates.

Actual Enrollment Statistics (Fall Semester)

	Head Count			Full-Time Equivalent		
	Undergraduate	Graduate	Total	Undergraduate (15 hrs)	Graduate (12 hrs)	Total
2017	18,330	2,454	20,784	16,826	1,482	18,308
2018	18,107	2,528	20,635	16,559	1,556	18,115
2019	18,250	2,628	20,878	16,764	1,640	18,404
2020	17,987	2,733	20,720	16,561	1,665	18,226
2021	17,674	2,559	20,233	16,153	1,549	17,702
2022	18,055	2,628	20,683	16,562	1,615	18,177
2023	18,450	2,539	20,989	17,031	1,560	18,591